IN RE THE MEETING OF THE)
BAY-DELTA ADVISORY COUNCIL)
_____)

ORIGINAL

TRANSCRIPT OF PROCEEDINGS

Capitol Plaza Holiday Inn

300 J Street

Sacramento, California 95814

Thursday, October 29, 1998 at 9:14 a.m.

REPORTED BY: SUSAN PORTALE, CSR NO. 4095, RPR, CM
THOMAS LANGE, CSR NO. 4689, RPR CM

PORTALE & ASSOCIATES DEPOSITION REPORTERS
211 East Weber Avenue
Stockton, California 95202
(209) 462-3377

COUNCIL MEMBERS:

LESTER SNOW, Executive Director
SUNNE McPEAK, Bay Area Economic Forum
ERIC HASSELTINE, Contra Costa Council
STEVE HALL, Association of California Water Agencies
ALEX HILDEBRAND, South Delta Water Agency
BOB RAAB, Save San Francisco Bay Association
RICHARD IZMIRIAN, California Sportfishing Protection Alliance
DON BRANSFORD, Glenn-Colusa Irrigation District
TOM GRAFF, Environmental Defense Fund
JUDITH REDMOND, Community Alliance with Family Farmers
PATRICK WRIGHT, Designated Federal Official
HOWARD FRICK, Friant Water Authority/Arvin Edison Water Supply District
STU PYLE, Kern County Water Agency
BYRON BUCK, California Urban Water Agencies
BOB RAAB, Save San Francisco Bay Association
MIKE STEARNS, San Luis Delta Mendota Water Agency
ROBERT MEACHER, Regional Council of Rural Counties

COUNCIL MEMBERS: (cont'd)

ROGER THOMAS, Golden Gate Fishermen's Association

HARRISON (HAP) DUNNING, Bay Institute

ROBERTA BORGONOVO, League of Women Voters

PAT McCARTY, Delta Protection Commission

TIB BELZA, Northern California Water Association

MARCIA SABLAN, Mayor of Firebaugh

L. RYAN BRODDRICK

---oOo---

(All parties present, the following proceedings were had at 9:14 a.m.:)

VICE-CHAIR McPEAK: Good morning, Ladies and Gentlemen.

The Bay Delta Advisory Council is now in session.

This is October 29th, 1998. We have a two day session today and tomorrow through noontime.

I want to welcome all of the members of BDAC and the audience to this -- to these proceedings.

We have, again, unfortunately, our Chairman, Mr. Madigan, is unable to make it so we're going to struggle along without him. Although, he's been very involved with Lester and Mary in planning this session. So Mike has paid very close attention to where we are in the process for 1998 and how vital this particular BDAC Meeting is to the whole CalFed Program.

And so I've gotten some very strict orders from him and I'll try to follow his wishes in facilitating this meeting.

We have a new member of BDAC who is going to be joining us and I don't think is actually here in the room, but when he comes, I will introduce him and that's Mr. Gene Andreuccetti. So we'll welcome a new BDAC member

when he arrives.

We have an Agenda that is in front of you that's timed, and we are going to go through some updates, what is listed as the Chair's report, but I just want to really turn that over to Lester.

I in doing so want to say there's been a lot of activity on the Bay-Delta Program since we last met and I think that the interest that the agencies and the Federal and State officials are showing is very encouraging. So with that, Mr. Snow (indicating).

EXECUTIVE DIRECTOR SNOW: Yeah, I'd like to give a fairly brief update on scheduling.

I think there's some issues with respect to the schedule that we've been talking about informally and I just want to make it clear where we are headed with the remainder of this year, and then we wanted the bigger shifts that we've made from what would have been an official schedule, our last official schedule, because we are not proceeding with getting the NEPA/CEQA documentation out in 1998.

That would be the revised EIR/EIS rather, we are focusing all of our energies this year getting the draft preferred alternative put together, and that draft preferred alternative takes the form of a draft Phase 2 report.

And we have, as many of you know, Secretary Babbitt has made a considerable commitment to being in the State of California the rest of this year, almost on a weekly basis, to work with Governor Wilson and then also staff from a transition team with the Governor elect, whoever that may be, to get a draft preferred alternative put together so that the public can start discussing a draft preferred alternative and then we will subsequently get environmental documentation out next year.

So that's the basic schedule. It really doesn't change any our work load in terms of trying to put the right kind of package together.

Again, I think it's very encouraging to see the high level commitment to try to put a reasonable package together this year and then get the public engaged in meetings and subsequently public hearings next year.

VICE-CHAIR McPEAK: Are there any questions to Lester of that schedule or about that schedule?

All right. Oh, Alex?

MR. HILDEBRAND: I'm not clear then.

Are you saying that there will not be announced preferred alternative in time yet and that that will be discussed with the BDAC members?

MR. SNOW: Actually, there will be a

draft preferred alternative that we put together this year. I would expect we were going to discuss elements of it today and try to get guidance from BDAC on some important parts of it.

Actually, the next date of BDAC has escaped my mind. Is it the 9th or 10th of December?

VICE-CHAIR McPEAK: It is the 9th -- 9th and 10th. So that's Wednesday and Thursday, December.

EXECUTIVE DIRECTOR SNOW: We would expect at that meeting to have most of the preferred alternative put together and enacted discussion.

MR. HILDEBRAND: Are we going to have an opportunity to have input, not just on pieces but on overall assembly?

EXECUTIVE DIRECTOR SNOW: Both. We are trying to get input and advice on pieces as it comes together and as it does come together we need advice on the package.

MR. HILDEBRAND: That implies that the package will not be firmed up before our next meeting?

EXECUTIVE DIRECTOR SNOW: Will it be firmed up, yes.

MR. HILDEBRAND: Will it be firmed up before we have a chance to discuss the options?

EXECUTIVE DIRECTOR SNOW: Well, it's hard

to discuss it unless you've firmed it up and put it in front of people, I think, is kinds of the tack that we are taking on this.

MR. HILDEBRAND: We need to look at our choices.

VICE-CHAIR McPEAK: Part of why we have structured today's meeting and tomorrow's, the way we have, which is to have very extensive exchange and engagement of BDAC members in smaller groups around very specific proposed actions is in order to get consultation focused -- focused consultation around components of the alternative -- alternatives, our final preferred alternative, the Phase 2 report, if you will, and last time -- we've tried it many ways for three years and this time we're going to try it this way in order to see if we can't get more in clarity and detail of opinion from all of you.

Mr. Hildebrand, you still want to respond, right?

MR. HILDEBRAND: I don't -- I think we're still not planning to have a direct discussion of the basic controversial issues wherein various segments of BDAC and the public differ and if we can't resolve those in some manner, the BDAC -- the CalFed is not going to succeed, and I don't think you can resolve it by discussing the bits and pieces.

You have to talk about how they go together and what the overall picture then is.

It's often said that we have to judge this on the basis of the overall plan and you can't do that by talking about bits and pieces.

VICE-CHAIR McPEAK: May I respectfully agree with you that you obviously have to then ultimately go back and look at an overall plan and how the pieces fit together.

I want to also respectfully suggest that when we've tried to discuss the big picture without talking about the specifics, we also haven't made much progress.

I -- today we are going to go through water use efficiency, storage, water quality and water transfers.

Tomorrow we are going to talk about institutional arrangements.

I would be as happy as any exotic clam in the estuary if -- because I guess they are all exotics and I learned that term from you, Alex -- I would be happy as any of those clams if these turned out to be anyone controversial.

I've kind of got the opinion in three years and in intense meetings this past week that not everyone in California is on the same page when it comes to water use efficiency, storage, water quality and water transfers let

alone institutional arrangements.

Admittedly we aren't trying to also deal with conveyance this meeting but I'm sure you might want to speak on that at the right time but, anyway, these are where we are starting with and I think this will present enough opportunity to get into dialogue.

MR. HILDEBRAND: Still on the subject of the Agenda --

VICE-CHAIR McPEAK: Actually, no, you are ahead of the Agenda, I'm going to rule that you've been talking on another item that's ahead of us and not allow the discussion to go much further but I do want to hear your response, Alex.

MR. HILDEBRAND: If we talk about each of a number of components of trying to close the gap between demand and supply are worthy components we never then address the question of whether cumulatively those components can close that gap sufficiently to avoid a impasse and, you know, we repeatedly discussed this and you made a good stab at it at the last meeting as to what are the potential efficiencies add up to, what do the potential demands add up to and what's the difference and then what are we going to do about it?

And we never, other than that very fine oral testimony of yours --

VICE-CHAIR McPEAK: I even wrote it out, though. I gave it to him.

MR. HILDEBRAND: We never discussed that. We never discussed cumulatively what are the potential range of options, that cumulatively will address that topic and the agenda for today won't address that. It just addresses whether a bunch of different things in and of themselves moves in the right direction. It doesn't say whether they are going to get us anywhere.

VICE-CHAIR McPEAK: Okay. That may be true. I would like to invite and encourage you under, for example, the water use efficiency and every one of the others, particularly, storage and transfers what you think is not known or still needs to be quantified in those areas, Alex, when we are in those discussions.

MR. HILDEBRAND: The CalFed staff never presents us with what are the potential yields of these things and how do they add up, what are the potential improvements in efficiencies, how do they add up and what is the difference, as you very well discussed, but aside from that brief discussion of yours it hasn't been addressed.

VICE-CHAIR McPEAK: Okay. I think maybe Lester should respond.

EXECUTIVE DIRECTOR SNOW: Well, there is a

fundamental point that Alex is making that on a practical basis we need to do some taking of stock of how all these pieces fit together but I do want to point out that the EIR/EIS does estimate savings, does estimate yield from these different measures. We have that data. It's not without disagreement. We've certainly had a number of comments that we under estimate potential savings from agriculture water use in the San Joaquin Valley. We are still confident of our numbers. We have yielded ranges for the storage. We have those numbers.

MR. HILDEBRAND: But you haven't presented them to the BDAC in a cumulative manner and you haven't discussed the cost benefit of these things to indicate whether they are really likely to get built, whether they are likely to be done.

VICE-CHAIR McPEAK: I thought I just heard Lester say that they have provided what information they have been able to generate.

I'm of the understanding, although I don't know that you've just said that, Lester, that the Phase 2 report is attempting to address that issue because a lot of comments came in on the first draft that are -- those comments are part of what you're responding to.

Is that true? How much information do you expect Phase 2 to have in looking at the comparison of the

actions in a cumulative way to look at what we get from savings and all the other actions that you might propose some say, water efficiencies --

EXECUTIVE DIRECTOR SNOW: I can't picture the Phase 2 report specifically on where it is but certainly when we come out with the preferred alternative, which is, of course, at a programmatic level, we will have ranges of impact that we expect from these different tools as they are used.

So, I mean, I think we're developing that kind of information. I think that kind of information has been around for a while and maybe we have not presented it in a concise fashion.

MR. HILDEBRAND: While the rest of the BDAC members have seen it I guess I just don't listen or read very well but I haven't seen it and if it's going to come out in a report that we are not going to see until after the preferred alternative has been selected, that doesn't mean that BDAC plays much of a role.

VICE-CHAIR McPEAK: Let's note those concerns and what I'd like to do is see how far we get today.

We had on the Agenda to discuss the agenda. I think we've just pretty much discussed the agenda.

I did want to just complete the Chair's report

by announce that go we have -- expect and have encouraged EWC members to address us in public about the work they are engaged in and we also have the President of the California Chamber of Commerce here this morning to address us and I'd like to invite to the podium Mr. Alan Sarenberg (phonetic).

Alan, thank you for joining us.

ALAN SARENBERG: Let me take this out.

Thank you, Madame Chair, Lester, members of the BDAC.

I'm not going to take much of your time because you have important details to discuss today but we through Tom Maddock and now Tom Decker have had an active role in the BDAC process.

You know, and I was thinking why am I hear today? What is important to say? You know, I think one of the ironies that I came across in thinking about this is, you know, one of the things that certainly draws a lot of attention these days are how much ag land do we take out of production there are studies after studies saying ways not to take more ag land out of production. We have many conservationists who are strongly supportive of that basic concept but my perception and maybe it isn't reality is that for the many people who support that notion aren't willing to take the next step to say let's make sure that the water is there to support that land as a productive

agricultural land, and that's just an example of the ironies I think we face and why am I hear?

I'm here to present to you, I think, very briefly the big picture that I hope that you won't lose sight of and the urgency of what you're doing and why I asked you to move forward from my perspective.

You know, I think, you know, to manipulate a little phrase, if they don't build it may be they won't come. Well, they are coming whether we build it or fix it and, you know, my experience and the Chamber's experience when we don't have the infrastructure to support the economic climate in California, it isn't that people won't come. It's that our best and our brightest, our most productive, are drafted and attracted out of state.

We'll have plenty of people in California but we won't have the productive ones, whether it be individuals or business and we won't have the best and the brightest.

And think about that in the vision in the future that you're dealing with here today and consider everybody's needs and interests, you know, just as much as we feel that it's important to construct and deal with water quality and storage there are many people who want to say, well, fix the problem but don't fix it with my water.

We have to pull together and we have to drive

the process forward. It's crucial. You know, one of the things that's a turning point here that, you know, is a confluence may be, a dynamic, is that you have the CalFed process coming to a close at the same time you have a new administration in California taking over, whether it be Democrat or Republican, and you cannot sit around and wait to make sure that the new Governor makes this a priority.

I believe very strongly that if you conclude and have a consensus product and CalFed finishes its job in a timely manner, then whoever that Governor is will have no choice but to make this one of their primary focuses for their next administration and it's with that understanding and with that importance that you have the ability to drive the necessary policy in California and it's crucial that you don't wait, that you make sure when you're protecting your interests and you're looking for a solution, that you make sure the process is inclusive and consider everybody's needs but don't walk away. Make sure the process moves forward and reach a conclusion.

From my perspective and just personally for many, many years ago when George Deukemejian was trying to get through the legislature one of his what he thought was one of the major things he and Dave Kennedy in 1984, I remember going to the Delta with a tour where we helicoptered in and took the press and the late Alex

Cunningham was there and coordinated everything and I can picture it as well as today and people didn't know what was at stake and the job was to educate them, and I don't think we need to go through another media display today, today being the broad sense.

What we need is a stakeholders, the people who are driving the policy to make sure that the public throughout California just as that media event was intended to do that day is aware of how crucial your work is and how crucial this problem is to be solved but, please, don't let up. Don't take the pressure off and try to move it forward and keep it moving forward.

And one final thing, I'd just make sure that throughout the business community one of the things that we have done and I'd like to commend Sunne is we, the business community, have tried to bring north and south together to reach a consensus and it's obviously a lot easier when you have just one leg of that stool pulling together but I would like to make sure that we offer and offer to anybody here in and any parties here any services that we can bring to help pull people together, to help mediate, to help solve, to help arbitrate, anything that you might have to make sure that you don't fall off the track and you stay on your timetable.

Thank you, Sunne.

VICE-CHAIR McPEAK: Thank you. Thank you, Mr. Sarenberg (phonetic).

In terms of the rest of the Agenda, thanks, Alex, for joining us, we don't have listed but I want to take up an item, which is the Minutes and Byron has alerted me that there needs to be at least one correction. So if anybody else has a comment or corrections on the minutes, will you, Byron, direct us to it?

BYRON BUCK: Yeah, thanks Sunne, page 11, item 8 under Water Quality second paragraph refers to the cost of membrane technology and the cost per household, the technology listed there deals with an array of contaminant problems and that is not what the panel said, to use the type of membrane technology that would deal with all of those contaminants it's $50 per household. If we are just talking about pathogens moving just one of those contaminants that's the $10 per household number. So you can write it either way but make sure we are correct. Right now it's apples and oranges.

VICE-CHAIR McPEAK: So as it is written $50 would be the appropriate figure of $10 per household for pathogens.

BYRON BUCK: Just pathogens only.

VICE-CHAIR McPEAK: Just pathogens only. Are there any other additions or corrections to

the minutes of the last meeting?

Yes, Mr. Izmirian.

MR. IZMIRIAN: If you are going to include that point maybe we should just say what the $50 represents. Is that capital costs per year?

BYRON BUCK: It's capital and operational costs per year, yes. Good point, it's annual. It's capitol and operating advertised per year.

VICE-CHAIR McPEAK: Advertised on what scale for the capitol? 20, 30 years? What is it?

BYRON BUCK: I'd have to look back. I think it's 20 years for treatment technology generally.

VICE-CHAIR McPEAK: Okay. That's fairly important so let's assume right now the working understand is it's a 20 year amortization on capital land and operations for an annual basis.

All right. Then the next item on the Agenda is to turn to the water management strategy objective and proposed page 1 actions Lester is going to provide us an introduction. You have that information in front of you that's the basis for the deliberations of BDAC, this meeting and then our breakout groups and after Lester does the presentation then you'll hear from Mary on the process we are going to follow today.

Mr. Snow.

EXECUTIVE DIRECTOR SNOW: Thank you, Sunne.

Sunne, I had understood that you were not an introduced species, you likened yours to a clam. Are you not an indigenous California species?

VICE-CHAIR McPEAK: I am a native Californian but the exotic clams --

EXECUTIVE DIRECTOR SNOW: So, therefore, you would be protected by the Endangered Species Act?

VICE-CHAIR McPEAK: I should be but a lot of people would like to make an exception on the ESA when it comes to me. An incidental take (laughter).

EXECUTIVE DIRECTOR SNOW: I want to talk about an important resource issue but first I want to talk about a even more important resource issue, Judy Kelly.

Judy's last day with CalFed will be tomorrow and so this is her last day with BDAC.

Judy is leaving the program after being one of the founding people in putting the program together, she predates me. She was involved even with the BDOC stuff and organizing the accord and that sort of thing and she is leaving. I want to make sure we take an opportunity here to kind of honor her for all of the hard work that she's done. I certainly have my image of Judy in terms of what she has done and this is a pretty good portrayal but I

asked the people who worked for her (indicating) to kind of convey an image.

Maybe Judy can explain that, but, anyway, Judy has done just an absolutely wonderful job.

I don't know how many people here recognize that to some extent CalFed as an organization doesn't exist. I mean it's a bunch of agencies getting together and we function with staff borrowed from here and budget elements from there and Judy is one of the people that has brought reality to the program and given us structure and problem solved and interacted with different agencies and how just done a wonderful job for us and I want to present her with a plaque and maybe a copy of that photo, I'm not sure so let me read the plaque and then get Judy up here.

Presented to Judy Kelly in appreciation of the outstanding service you have provided to the CalFed Bay-Delta Program as deputy director for external affairs and management services. Your expertise and vision have contributed immeasurably to the mission of the Calfed Bay-Delta Program.

We wish you success in all of your future endeavors.

Judy (applause)

JUDY KELLY: For once I'm speechless. Thank you.

EXECUTIVE DIRECTOR SNOW: That is a record.

JUDY KELLY: What I said to Lester is I'll never forget you for this one, Lester, and I have a very long memory. I just want to say that it's been a huge pleasure for me to work not only with all of you here but most especially the CalFed staff who as you're all well aware are among the finest people to ever work in State or Federal Government anywhere. They are the ones who deserve all of the credit. So, thank you, Lester.

VICE-CHAIR McPEAK: Thank you, Judy.

EXECUTIVE DIRECTOR SNOW: Thank you.

(Applause)

EXECUTIVE DIRECTOR SNOW: Maybe I should add after many years of public service Judy is moving to the private sector and to an organization that may be involved, is involved in water transfers and that type of thing, so I hope you all join me in making sure that week block private sector involvement. It's kind of punishment here that was just a joke, Michael.

Anyway, very quickly I want -- I think you folks are going to be involved in an important discussion here in terms of how we put these pieces together and we have embedded in this a lot of the controversial issues about the relationship of storage to conservation and so I

think you're headed into a very interesting and important discussion in these Breakout Sessions and I want to provide some fairly broad context to the way that we have been looking at this issue and why we started calling it Water Management Strategy issue. Some of these things we discussed at the last meeting and I just want to spend a little more time of kinds of pulling forward today a lot of things we've been discussing for three years or more, and when we look at something called a Water Management Strategy, the way we look at it there is four basic parts to it, things that you have to understand and deal with in order to have an overall strategy.

First and foremost is the hydrologic foundation, the water in the systems, when and where does it occur.

Second is the basic demands pattern and overlays that water supply.

Third is the physical facilities, and, again, I think we discussed in Stockton in this context physical facilities include things as large as Shasta Dam and things as small as the emitter on a sprinkler system.

And, fourth, it's the institutional legal operational framework, which is very important and all four of those things have to be dealt with in order to have a cohesive strategy.

In terms of the hydrology, again, a very familiar chart (indicating), the five basic water classifications in the Bay Delta system, significant range in magnitude of over fifty million acre feet in a wet year to somewhere around fifteen, fourteen million acre feet in a critically dry year.

In a critically dry year diverting some sixty-four, sixty-five percent of the water out of the system. In a wet year diverting somewhere around twenty-two or twenty-three percent of the water out of the system.

Then within each of those years variability by month when we look at the average month.

You can see that actually in a lot of cases you have similar flow patterns even with a wide variation but there are significantly different flows as you get into the winter springtime flows in the system.

Then if you want to take an individual year and break it down into basically daily flows, you see how much variability there is in the system and then if you start taking, you know, each of these and breaking it down like that, just extremely wide fluctuations of basic hydrology.

MR. HILDEBRAND: Lester, could I ask a question?

Are these flows you're referring to Delta outflows or where are you measuring these flows?

EXECUTIVE DIRECTOR SNOW: Actually, I'm doing two different things here.

This actually is average monthly Delta outflow (indicating). This one happens to be actual real flow at Hamilton City in the Sacramento River (indicating) and in this case, Alex, this actually make does a better job of presenting kind of the management challenge.

Maybe if you ignore the color, the top line in all cases is unimpaired flow. The outflow you'd have out of the system if you hadn't built any dams and were not diverting any water out of the system and then in each case each year type. The bottom one is the impaired flow, which you have after you manage the system and you see how significantly different it is between a wet year, a dry year, an average year (indicating).

Actual actually in this case, though, you can start seeing a pattern that's important to the biologist, significant reductions from what used to be in the springtimes. Sometimes more than eighty percent reduction from what you had in terms of springtime flow.

So this gives you some sort of blueprint of the water management problem that you're trying to deal with, the wide variation.

Unimpaired is what the system on would have produced without development. You have impaired flows of

the system.

MR. HASSELTINE: Is it labeled wrong?

EXECUTIVE DIRECTOR SNOW: Anyway, ignore the labels. The top line, the top line in all cases on this (indicating) is unimpaired flow.

MR. HASSELTINE: But the top line is black and black.

EXECUTIVE DIRECTOR SNOW: Right. The top line in all cases is what the unimpaired outflow would have been without developing the system.

MR. HASSELTINE: Okay.

EXECUTIVE DIRECTOR SNOW: The lower line in all year types is what it is after you have impaired the system or developed water supplies.

VICE-CHAIR McPEAK: Byron --

BYRON BUCK: Unimpaired flow, though, is an artificial number. It doesn't reflect what the Delta was like a hundred years ago when we had tules and wetlands and a lot of that water was used in Delta by nature before it was of actually outflow.

EXECUTIVE DIRECTOR SNOW: We had a telemetry system in place back in the seventeen hundreds in the Delta. There is real data.

VICE-CHAIR McPEAK: So the unimpaired outflow before it was measured is more of a reflection of

what we know or think runoff was based on the science that is there.

BYRON BUCK: Runoff but not what actually is achieved.

VICE-CHAIR McPEAK: Right, all of those tules sucked it up.

EXECUTIVE DIRECTOR SNOW: Ignoring the tule theory for a moment, which was a contentious issue in the early '90's, if I remember right, this is what it is. It gives you an indication of the modification of the system, the problems, the difference of the magnitude of problems that you have between a wet year and a dry year and potentially some of the opportunities.

We already know from other discussions in the ecosystem program in the diversion effects team this is a critical period. It's such low flow conditions, such a deviation from natural conditions. This is where you need additional waters if you're going to deal with ecosystem. So those are the kind of problems. So if we consider that the hydrology, let me overlay what is perhaps a simplistic way of dealing with the water demand situation.

Long-term supplies 1995 level of demand, there's no projections involved here.

You see the blue indicates basic inflow into the system in an average year, outflow a little less than

15 million acre feet. You have combined exports, about 5.5 million acre feet. It gets split up between ag and urban and Southern California and the San Joaquin Valley.

You have groundwater. Now, this is a significant number because I'm going to show you a drought year, 3.1 million acre feet and you get about 3.2 million acre feet from local supplies in the San Joaquin.

Then you'll notice in the Sac Valley both groundwater and surface water.

One other point I'll make here before I go on to the drought year, and this gets into kind of the institutional arrangement, when there is conservation going on down here where Southern California does not use its allocation that it could if it wanted to, it does not go back up here.

It goes to the other users of the system.

And so, for example, the last four or five years where Southern California has not use its allocation by contractual arrangement that goes to other users of the system that translates into groundwater storage, different cropping patterns, whatever it transfers into.

The point is by contract it doesn't go back up here (indicating). It ends up with other users on the system.

Now, let me go to -- and I guess one other

thing I would mention on this one in terms of long-term average, embedded in this number, groundwater, is about a million acre feet of annual overdraft on a long-term average.

Now, in terms of drought period, you see the way the system changes, 5.1 million acre feet of outflow, much less inflow in all cases, 3.4 instead of 5.5, a different allocation here and in a drought year you probably have Southern California taking its entire allocation, there are reductions, there are significant reduction in other local supplies and a more than doubling of groundwater and so a significant impact on groundwater during drought periods. So that's kind of a, I'm call it a quick snapshot, of kind of the demand overlay that we are dealing with and kind of the complexity of it. An individual irrigation district, a farmer may have State, Federal, local groundwater supplies to trade-off on to be able to manage situations.

VICE-CHAIR McPEAK: Lester, as you're moving on, the first map -- the first chart of water use you've actually shared with us. The second one we haven't been given.

Mary is going to arrange for everyone to get copies again of both of those so that you have both of those schematics.

MS. SELKIRK: We'll try to do that before (inaudible) --

EXECUTIVE DIRECTOR SNOW: And actually we'll update the first one because this is more recent.

VICE-CHAIR McPEAK: Okay.

EXECUTIVE DIRECTOR SNOW: The older one we used say starting about three years ago was I believe either a '90 or '92 level of demand. We've updated it to '95 so it's more reflective.

VICE-CHAIR McPEAK: Okay. Good.

EXECUTIVE DIRECTOR SNOW: Now, when we talk about Water Management Strategy, what are we trying to accomplish?

And again most of these come in some fashion out of the goals and objectives that we've developed over three years ago.

Certainly, when you are trying to do a Water Management Strategy, you are trying to reduce the conflicts, the diversion conflicts between diverters as well as between out of stream users and in stream uses, trying to increase supply predictability to reduce the uncertainty, how much supply are you going to have next month, increasing water supply utilities. It's not one that we often think of but it's extremely important, the water quality issue. The higher the quality of the water

that you have the more uses you can put it to. Decreased drought impacts, kind of in two areas, out of stream users, ag and urban and environmental flows, increased supply availability, particularly with a drought emphasis but also interest in average and increasing operational flexibility which ends up being both a function or objective as well as a tool.

Now, let me hit a couple of these a little more specifically because I think this is important in terms of defining water supply reliability.

What do we mean when we say reduce diversion conflicts, and it's really an attempt to reduce the impacts of water supply and fisheries, Delta water quality, water levels and circulation. So it's not just that simple a diversion sucks fish in and we need to fix that, it's a lot more complex particularly in terms of Delta water quality and Delta water levels and that type of thing.

One other one, one of two more that I'm going to highlight, water supply predictability. It was sort of intuitively understand that and we are trying to supply some greater definition to that and I think one is maybe an analytical methodology of increased accuracy and reliability of the water forecast. We just have a better handle on what's going on in the system and the snowpack and you ever a better idea of what the water supplies are

but also one that's a little harder to get your hands around is the issue of reducing unanticipated curtailments so that when you sort of know as an irrigation district that your allocation in February is X, all of a sudden in the middle of March it doesn't get cut in half for a completely unanticipated reason.

And, finally, that which is probably one of the more significant issues in the Water Management Strategy is operational flexibility and there is a lot of ways to try to define this and there may ultimately be a way to start quantifying flexibility but for now I think we've settled on it being the ability of any set of water management tools to meet a range of objectives under a variety of unforeseen circumstances. And so we want you to define this today. This is a tough one and it's probably the most important one.

We're finding -- those of you who have tracked what we call the diversion effects on fisheries team know that this issue of flexibility is becoming one of the most important issues the ability in that case to just instantaneously shut down pumps to protect fisheries without completing sacrificing water supply and so it's having flexibility in the system to be able to respond to certain conditions.

Now, the tools, again, nothing new here. Maybe

we are displaying it differently than we have before but basic water management tools are transfers and there is a significant difference between long-term transfers and like the drought water bank approach or options approach, conservation, all three of these probably function a little differently if you just look at them as a water management tool, ag, conservation, urban and managed wetlands, reuse and recycling, storage. Again, these two types probably function differently. Groundwater and surface water, both have their attributes but again they probably function a little differently in the system. Watershed management, not commonly shown as a water management tool but increasingly we're seeing that the health of the watershed in terms of producing more natural hydrograph, cleaner water is an important issue, water quality, obviously, improving water quality improves utility of the water supply, ability to monitor and the ability to manage your diversions. That's part of the flexibility issue.

So the challenge and the debate that we've seen in the stakeholder community is what's the right package?

And I think, as you know, we've concluded you have to do some of all of these. It's not an option to just do one and I think, you know, this will do it and we'll wait and see so we've kind of put on the table a premise that you've got to do all of these, recognizing

that in each of these boxes there is a lot of debate about the difference between groundwater and surface water but we feel the issue of storage plays a significant role in solving water management problems.

So I think the issue is what's the right package?

You'd almost think you could pick off one of these flexibility issues and you get 15 percent of what you want to do from this tool and 10 percent from this one and 20 percent from another one, what's the right combination and how do they fit together?

So that's kind of the general context that we'd like to see the discussions take place in today, and so with that maybe we'll have Mary jump into the focus groups.

VICE-CHAIR McPEAK: If we could, I know -- let's get comments, too, and then you might want to ask questions after you hear Mary's presentation of Lester as well.

Tom.

MR. GRAFF: Well, I have a question, which is how does the document that we are going to discuss today relate to the document that the secretary and the Governor are proposing to release before the end of the year?

EXECUTIVE DIRECTOR SNOW: Well, think one

of the challenges there, I think we've heard both the secretary and the Governor indicate that they think that you have to apply all of the tools in order to get this job done.

What remains to be discussed is the right fix, the issue of linkages between the tools and linkages versus conditions. That's an issue that's still open and on the table and so I think there is no question that the Water Management Strategy is going to be part of the package. What remains to be worked out over the next month or so is that statement of how you do the mix and how you link these actions together and when do you condition actions.

MR. GRAFF: Is attachment 1 sort of concede to attachment 1 in August that was circulated at the last BDAC meet?

EXECUTIVE DIRECTOR SNOW: I have to look to see.

Oh, attachment 1 is -- yeah, it's summarized from, you know, what was done in August and an update of that and it is envisioned that the draft preferred alternative will include a list of stage one actions. Those actions to take place in the first seven years of the program.

BYRON BUCK: And even apportion of those actions.

VICE-CHAIR McPEAK: Byron, you've got to speak in the microphone this side of the table so that it can be recorded.

BYRON BUCK: (Inaudible)

EXECUTIVE DIRECTOR SNOW: Most definitely. I mean, we have just pulled out the ones that are most directly related to those tools on water supply reliability.

However, as we have indicated all along, the whole ecosystem program is an important part of achieving water supply reliability by stabilizing the environment.

MR. HILDEBRAND: Sunne.

VICE-CHAIR McPEAK: Yes, Alex.

MR. HILDEBRAND: What does the word reliability mean in this case, water supply reliability improvement?

Does that mean adequacy or predictability or what does it mean?

Do we need that word in there at all?

EXECUTIVE DIRECTOR SNOW: Well, Alex, I think it means all of these things. That's the problem. There is no simple definition to reliability. It means having operational flexibility. It means reducing the conflicts. It means decreasing drought impacts.

MR. HILDEBRAND: But does it mean that we

are not going to look at adequacy, only at predictability?

EXECUTIVE DIRECTOR SNOW: Well, no, we've got one in here that's called increase supply reliability.

MR. HILDEBRAND: I can understand the term in that context but it isn't clear to me whether we're talking about improvements that will mean adequacy or whether we are talking about improvements that merely provide predictability.

EXECUTIVE DIRECTOR SNOW: Well, it's our intent to do both.

I mean, we have some in the system that are looking primarily for this. They have a basic water supply. They don't want to be told on Monday that on Friday there allocation is changing because of some unforeseen circumstance.

We have others that feel that they are very short on fundamental water supply and there are tools that can be brought to bear, transfers, conservation, reclamation, storage to aid that.

MR. HILDEBRAND: I guess I'm not the only person in the nation who has trouble with definition of the terms sometimes.

EXECUTIVE DIRECTOR SNOW: Maybe we should parch those statements, I guess.

VICE-CHAIR McPEAK: Richard.

MR. IZMIRIAN: No, I actually agree with Alex and I think at the last meeting some of us made the point that we need a better definition of water supply reliability and I think it's going to be very difficult to go through this exercise without having a better definition of water supply reliability. If somebody has one, that would be really nice. I see a basic conflict between the various approaches, depending on what that definition might be, whether it's a definition that Alex might like where it's an increased supply of water or something that I might like where it's where that supply and demand curve cross.

MS. SELKIRK: Sunne, may I make a comment?

VICE-CHAIR McPEAK: Sure, I was going to ask you two give your definition but I think Mary's just gotten you off the hook.

MS. SELKIRK: In the interest of making sure that we have some time to meet in smaller groups my suggestion is that with regard to these kind of broad questions that you two have raised is that you take them to your small groups, that we post them and we will be devoting the entire afternoon this afternoon both to the outcomes of the small groups but also if there are some broader conceptual concerns that different members of BDAC have, my suggestion is that you hold those to the afternoon because otherwise we are simply going to get robbed of any

kind of deliberation in small groups this morning.

So if you could hold that thought until the afternoon.

VICE-CHAIR McPEAK: We will engage on it before we leave.

MS. SELKIRK: Yeah, absolutely.

VICE-CHAIR McPEAK: Before we leave this meeting we'll have that and I bet I can come up with that.

MR. GRAFF: Madame Chair --

VICE-CHAIR McPEAK: Is this in response to Mary's suggestion?

MR. GRAFF: I am taking issue with Ms. Selkirk here. It seems to me that in sending us off in small groups to do unspecified brain storming is not useful--

MS. SELKIRK: That's not the purpose, Tom.

What I'm going to suggest is I think some of the deliberation on the points of view raised by Alex and by Richard can be dealt with in specific detailed comments on specific actions that CalFed is proposing.

So we're not interested in free floating brain storming this morning.

We are going to be asking all of you if you could permit me to walk through the instructions, I'll do that, but I -- it's a process call but there will be time

this afternoon to go into some more conceptual deliberation. But I want to say that by way of introduction of these small groups that having talked with most of you on BDAC, either Eugenia Laychak or I has talked in some depth with each of you over the last couple weeks regarding your thoughts about the effectiveness of the BDAC process to date and I would say almost universally that every one of you in one way or another expressed some frustration and desire to really get down to the meat of the matter and take on some very difficult and controversial issues.

I know that Alex doesn't think that we are going to get there today but the way that we've structured the Agenda this morning is an attempt to give you an opportunity to weigh in on what CalFed is proposing on an approach to linked water management actions for the first seven years of the program.

Sunne's idea was that we ask you to break up by -- more or less by interest area. You were supposed to have little dots on your name tags this morning in honor of Halloween. We had black dots and orange dots yellow dots but we didn't get around to doing that so I'm just going to read off the name -- everybody's names and what group you're in and then I want to just briefly go through our instructions to you, which you will have a chance to go

over in your small groups, too.

Group one, -- and also the numbers are completely arbitrary. They don't signify priority or importance -- urban slash business, who are going to be the black dot group, is going to be facilitated by Sunne with Byron Buck being the convener.

Byron is the BDAC member who will be charged with leading off the discussion, recording what goes on this morning and then reporting back to BDAC this afternoon.

Group two -- and group one will be meeting upstairs in the Monterey Room.

Group two will be meeting here in the plenary and that's the ag/ag business small group. I will be facilitating that group. Pat McCarty is going to be our convener, which means he will be charged with leading the discussion, recording and reporting back to BDAC in the afternoon as we initiate discussion in the afternoon.

In that group, Marcia Sablan, Stu Pyle, Alex Hildebrand, Don Bransford, Tib Belza, Mike Sterns, Howard Frick -- oh, I didn't read off the urbans. I'm sorry.

You have a small group. A lot of you guys and gals are not here today.

Eric, Steve Hall and I think that might be it

(laughter).

MS. SELKIRK: A group of three, right.

Group three, environmental community, local concerns, facilitated by Eugenia Laychak, the convener will be Richard Izmirian, and that group will include Tom Graff, Bob Meacher, Roberta Borgonovo, Bob Raab, Richard, Mr. Andreuccetti, who I don't think is here yet today, Hap Dunning and Roger Thomas.

Now, the objective for these breakout groups are to reach some kind of reasonable zone of agreement on what bundle of water management actions you are going to advise CalFed to move forward on in stage one and CalFed is particularly interested in what sets of actions you believe need to be linked to one another or conditioned on one another, and in going through this process you are going to be asked to use what I call the gradients of agreement tool.

And this is a way to place yourself along a continuum from this action is completely unacceptable at the one end to I wholeheartedly support this action on the other.

You are going to be asked to consider where you stand, and we are going to go through action by action, starting with the water use efficiency actions that are listed here, followed by surface storage actions and then

water quality and water transfers if we have time, which we probably won't get to today.

Anyway, the purpose of this kind of approach, this is really consensus in action. This is not about making a decision. It's about identifying where you are along this continuum so that you can help CalFed to get clear about what actions are completely unacceptable from your interest group's perspective.

One is that you could support if they were changed or if they were linked to others, actions you don't really have an opinion about one way or another, actions that you don't like but you're willing to stand aside in order for the process to move forward or actions that you finds that are just bottom line nonnegotiable, completely unacceptable.

And the reason that I'm proposing this to you is that a lot of the discussion, I think, at our previous Stockton meeting represented the book ends and what was lost was the nuance and all of the territory between absolutely no and absolutely yes.

Richard, yes.

MR. IZMIRIAN: Two different questions. On the stand aside, what is defined as the group? Is that the breakout group or the whole BDAC --

MS. SELKIRK: For purposes of this morning

it's the folks that you'll be meeting with.

MR. IZMIRIAN: The second question is this:

Where does group three meet?

MS. SELKIRK: Group three, I'm sorry, is in the Placer Room, which is also upstairs and then group two will be in here. Anyway, we are planning to wrap up a little before lunch.

We have time for Public Comment before lunch here in the plenary.

Also, members of the public are invited to all of these breakout groups because it's all part of the public meeting.

After lunch much we'll return to the plenary. Those of you who are conveners and facilitators we will meet over lunch and put together the outcomes, present them to you, to the plenary after lunch.

So --

VICE-CHAIR McPEAK: Marcia and then Alex, Roberta and Tom.

MS. SABLAN: Mary, I have a question of the viewpoint that we should adopt in each of these groups, is that the viewpoint that reflects best our own interest group or the viewpoint of the general good?

When you were stating this I had a hard time

wondering where we should be coming from. Would we suggest the things that are best for our own group or are we to judge what's best for the group?

MS. SELKIRK: You are going to be asked by your facilitator to bear in mind -- as you're considering these actions bearing in mind the interests of the others in your group and in your community, the interests of your community of interest but also what you know to be the interests have everyone else around the table.

So the answer is both.

MS. SABLAN: Thank you.

MS. SELKIRK: Okay.

VICE-CHAIR McPEAK: Alex.

MR. HILDEBRAND: I guess my question is a little similar.

If each of us meets with other people of similar views, how are we going to reconcile, for example, the difference between me and Richard if we don't meet and we don't discuss our differences?

VICE-CHAIR McPEAK: That's what the afternoon is about, it's to give clarity from your perspective this morning.

MS. SELKIRK: And I would wager that there is not necessarily a unified voice among any of these interest groups.

VICE-CHAIR McPEAK: Right.

MS. SELKIRK: So this is a chance for you publicly to note within your group where you stand with regard to one another, but our objective this afternoon is to bring us back into the plenary. We didn't want to expect you to exhaust yourselves in small groups all day.

And we'll see how this works. I'm very interested from your perspective whether this is a useful way to approach this particular exercise and this particular set of issues.

VICE-CHAIR McPEAK: Roberta.

MS. BORGONOVO: I just thought that perhaps when we come back if we come up with a definition of water supply reliability, whatever, do we pick back up on this discussion that we had previously?

VICE-CHAIR McPEAK: Did I hear you suggest that the small groups come back with their definition of reliability?

MS. BORGONOVO: If we were to do that, would that be a topic of conversation this afternoon?

VICE-CHAIR McPEAK: Yes, it would. I know I'm writing my own definition out right now and you all can do the same and we'll get one. You won't get to the cocktail party without it.

Tom.

MR. GRAFF: I mean, the way I understand this and maybe this is wrong, but the way I understand this is attachment 1, which we are going to be discussing, is the first cut at an agreement that the secretary and Governor will put their name behind -- names behind by the end of this year. The last I heard I don't have the capacity to block or veto their actions, and I don't know what I ought to be doing in relation to that.

Do I -- if I don't like aspects of it or the whole thing, are those -- am I agreeing with them? What am I doing?

VICE-CHAIR McPEAK: Well, Tom --

MR. GRAFF: I guess that's my question and let me take it one more step.

VICE-CHAIR McPEAK: We all ask that.

MR. GRAFF: If the issue is will I -- if they publish this right now, would I, you know, move out of state or something? No. But -- and in fact the good part of it would be that it's a draft presented to the next Governor and the stakeholders.

So I need to know for my own personal point of view in what context are we discussing this?

VICE-CHAIR McPEAK: May I suggest a context, which is we are aware that there is a process and that process that currently has been engaged in by the

CalFed agencies and by Governor Wilson and secretary Babbitt it is to try to reach some agreement by the end of this year on the major components of an overall solution.

It will have the effect, I think, and I don't know if I'm stating this in legal terms of the process, but it will have the effect to be a recommendation to all concerned parties. Yes, the new Governor, the federal administration, members of Congress, the legislature, the public at large and the stakeholders.

What we should be trying to bring to this process as the advisory council is how a package of actions should best be structured to achieve the objective of CalFed as we know it.

So I would like to ask your best thinking of that, not necessarily how do we position the process, but how do we recommend to all those in the process that they should put together the package of actions?

So if you go into the small group and work through the four issues, it's really what actions need to be improved to live with them that you can't live with, how would you recommend that they be changed so you can live with them?

That's what we are trying to best understand out of this morning.

In order to engage in a cross sectorial

discussion to see if we can get further resolution on these items this afternoon.

Lester, do you have any other comment on that?

EXECUTIVE DIRECTOR SNOW: Well, I just would agree with what Sunne said and I guess I would kind of add back on the narrow question that Tom asked that I don't think at this point I don't think it's helpful to think of this in the context of Governor Wilson and secretary Babbitt.

I mean, it's not their problem in isolation. I mean, if the Bay-Delta system has problems there's resource problems and we need to come up with a plan. I just think we need to take our best shot at it. If we do a good job and the stakeholders do a good job I'm sure they will be very interested in what we have to provide to them. If we provide them nothing they've got to figure out a way to solve these problems.

VICE-CHAIR McPEAK: That was it for the people who had their hands up to ask questions to Mary.

Any further requests?

MS. SELKIRK: Yes.

I'm just going to make one amendment given that the urbans are rather under-represented today, why don't you guys meet in here and group two, which is the ag folks, we will go upstairs to the Monterey Room upstairs? Because

I think the room is all set up up there.

VICE-CHAIR McPEAK: Okay. So group two is in Monterey, group three is in Placer and group one --

MS. SELKIRK: Urban is here.

VICE-CHAIR McPEAK: -- here.

And those of you in the public you are invited to choose which of those you want to observe.

We will be attempting to get everyone back by 10 of 12 to take Public Comment.

If -- I have two cards so far. If anyone else wishes to be heard, please fill out the yellow cards and submit them so that we can try to plan the time.

Thank you.

Oh, Byron -- excuse me, guys.

BYRON BUCK: I have a question. (Inaudible) for years one through seven and so forth, is that the 1999 Record of Decision is zero.

VICE-CHAIR McPEAK: Thank you.

We are hereby adjourned to our work groups.

(Whereupon the meeting recessed at 10:18 a.m., after which the following proceedings were had at 11:57 a.m.:)

VICE-CHAIR McPEAK: Ladies and gentlemen,

welcome back.

All groups have completed their work assignments.

The conveners will be reporting the results of that work this afternoon right after we reconvene after the lunch break.

Right now we want to hear from the public and those who have signed up to speak, beginning with Gary Arant from the Valley Center Municipal Water District.

Either way, Gary, you can use any -- you can do a stand up routine without, you know, a podium, as Alan did, or you can use a podium.

GARY ARANT: After Lester I don't want to try to follow that routine.

Good morning, Madame Chair. My name is Gary Arant and I am the general manager of the Valley Center Municipal Water District.

It's a water agency located in North San Diego County. I want to thank you for the opportunity to address you today.

While this is our first appearance before your body we have monitored and made input on this process since inception.

As CalFed moves ever closer to the critical juncture evidently at the end of this year we felt

compelled to be here today to deliver our message in person.

Valley Center is a member agency of the San Diego County Water Authority and in turn a subagency of the Metropolitan Water District.

In an average year my agency delivers 32,000 to 35,000 acre feet of water, a hundred percent imported water to 21,000 residents and approximately 1500 agricultural customers.

These agricultural customers take eighty to eighty-five percent of our deliveries and turn this blend of State Water Project and Colorado River water into citrus, avocado, ornamental flowers, nursery crops, poultry and livestock.

In fact, according to the California Avocado Commission, Valley Center is the avocado capitol of California. And our farmers do this with water that costs between $475 to $600 per acre foot depending on where they are in our system.

Finally, our agency is a signatory to the urban best management practices MOU as well as the agricultural efficient water management practices MOU, and we are now in the process of developing our ag water management plan.

Earlier this year my Board submitted written comments for your consideration in compiling the draft

programmatic EIS, EIR and in those comments we supported Alternative Three as the preferred alternative for the CalFed Bay-Delta solution.

In our view Alternative Three is the best overall solution in terms of ecosystem water supply, water quality and water reliability, it included all of the common programs as well as the dual conveyance and the additional surface and groundwater storage.

In September this year you released your Phase 1 implementation plan. In this 4.4 billion dollar plan the dual conveyance facility was classified as a contingency measure. Construction of new surface storage is conditioned upon realizing increased water use efficiency, water transfer framework and conjunctive use programs and the near term emphasis is on ecosystem restoration, water conservation, including the retirement of farmland and water recycling programs.

Though planning and regulatory work for additional surface storage will be completed during Phase 1 as we view it there is no real commitment for construction of that surface storage.

It seems that Phase 1 implementation plan has really pleased no one.

In the view of water interests including my agency by relegating the dual conveyance facility to a

contingency measure and conditioning new surface storage on certain performance parameters CalFed has clearly abandoned the best technical solution in favor of what we would see as a political solution.

The moving consideration of the dual conveyance facility out into the future is somewhat acceptable. We feel that construction of new surface storage is critical to the overall solution and should not be conditioned on realizing conservation, water transfer and recycling programs, which essentially all parties have already agreed to implement.

Evidently environmental interests not satisfied with having made the dual conveyance a contingent measure feel that surface storage should also be relegated to the same category. In their view consideration of surface storage should be deferred until all alternative solutions have been implemented and given adequate time, evidently seven years or so, to demonstrate their effectiveness or ineffectiveness in matching California's water supplies to its water demands.

In response to the concerns with the Phase 1 recommendations and the positions staked out by the environmental community I was asked by my Board of Directors to come here today to reiterate their support for Alternative Three as the most technically sound

comprehensive solution for environmental water quality, water supply and water reliability concerns currently enveloping the Bay-Delta, to express the concept that while appropriate phasing of improvements and programs based on clear triggers is advisable there must be a firm commitment at the outset that all recognized components will ultimately be implemented and there will be a full solution.

Communicate that a commitment to a full solution providing enhancements to the environment, water supply quantity, quality and reliability will be critical to gaining public acceptance of the process and its associated costs, and finally point out that it is only with the public's acceptance and support that we at the retail level will be able to move forward and implement the more aggressive urban and agricultural water conservation programs and water reclamation projects, which are vitally necessary for the overall success of the program.

Hopefully, you will consider these points as you evaluate possible modifications to the Phase 1 plan and adoption of your Phase 2 plan and in all future considerations in the CalFed process.

Again, thank you for hearing me today about what is undoubtedly the most critical issue of our age.

And I'd be glad to answer any questions.

VICE-CHAIR McPEAK: Thank you, Gary.

GARY ARANT: Thanks.

VICE-CHAIR McPEAK: Thank you.

Marsi Steirer from the City of San Diego.

MARSI STEIRER: Good morning. I'm Marsi Steirer, the capitol improvements program manager with the City of San Diego water department.

I appreciate the opportunity of addressing your counsel today.

I'm here to talk about the CalFed process as well as share with you information about the city and our extensive water resource management efforts but first some background about the City of San Diego water department.

Within the city itself we have 1.2 million residences. We treat all of our water at three treatment plants and our deliveries average about 200 million gallons a day. The city is the 6th largest city in the United States.

I've been with the water department for ten years now and on my first week of the job just about ten years ago in 1988 was when the Bay-Delta decision from the State Board was rendered with regard to that last phase of Bay-Delta activity and the big decision that came out was that Southern California would be cut back to water delivery levels of 1985.

Efforts at that point in time began under -- and were undertaken in response to that decision and as an outcome the Urban Environmental Coalition was formed and shortly thereafter what resulted was the drafting of the Memorandum of Understanding of Urban Water Conservation Agencies in California and the formation of the CUWCC. The City of San Diego was an original signatory to the MOU and for the first seven and a half years of my time with the City of San Diego what I did was I served as the program manager for the water conservation program and presided over the development and the implementation of one of the largest and most comprehensive water conservation programs within the State of California.

Our efforts have been referred to by some, and I consider this a great compliment, especially for folks from Northern California, is the efforts undertaken by the City of San Diego is one of the greatest untold stories in the state.

Examples of our successes in the field of water resource management include full implementation of all best management practices from 1991 to the present as well as the undertaking of a large scale reclaimed water and retrofit program.

The amount of water saved through these efforts is around 18 million gallons a day or in excess of 20,000

acre feet a year.

The cost to our rate payers since the inception of this program has been about 20.5 million dollars.

This is enough water just in terms of the quantity that we've saved to cover the entire City of San Diego with about an inch of water. For those of you that like to vacation in our lovely city and have taken in the events at Sea World we can fill the Shamu tank a thousand times or it could supply 39,000 families with water for one year.

We have been very successful with working with our City Council as well as all of our customers and they have been very receptive about all of our efforts in terms of penetration and participation in the programs. Our per capita consumption has been decreased by about 15 percent over the course of the last five to six years.

However, we are moving into year eight of these conservation programs and for many of the programs the amount of water to be saved in the future is minimal because we are basically tapped out.

Households are efficient, they participate in the program. The businesses that participated were there. And in terms of the one time shot of the savings we're really at the era of diminishing returns.

We are also, though, in the process of

implementing several potential best management practices including the horizontal access washing machines in order to garner additional savings.

At this point, though, and this is pretty serious consideration for us is that some of our City Council members who have been very receptive to these programs from the start have voiced concern about continuing to offer incentives to customers and they have begun to no longer vote in support of these programs.

The shift is occurring after they have been very supportive for the last eight years.

It's important that as you begin your deliberations you are aware of efforts that Southern California water agencies, such as the City of San Diego have undertaken but also be cognizant of the fact that these efforts were undertaken in an attempt to resolve longstanding Bay-Delta issues which continue to remain unresolved.

As a soft path method conservation is important but it's only one part of the equation.

We need to continue to work together to reach a solution for the Bay-Delta, which includes water quality improvements, reliability, storage, supply and ecosystem restoration.

I offer today to you my prospective as a

resident of a retail utility which has aggressively pursued this Water Management Strategy of recycling as well as conservation.

Our elected officials and customers have been actively engaged in this process but for how much longer I don't know. It is critical for CalFed to move forward to address key issues in order for the City of San Diego to continue to support this process.

Thank you.

VICE-CHAIR McPEAK: Thank you, Marsi.

From San Diego to now San Jose, Mike Sapunor from the City of San Jose.

MIKE SAPUNOR: Thank you very much.

It's been my privilege in the past few months to be able to observe BDAC's deliberations on Bay-Delta issues and I commend your body of 35 diverse interests for hanging together and working forward towards a solution.

My name is Mike Sapunor and I'm with the City of San Jose environmental services department.

The department represents 850,000 residents of the South Bay area. We are, of course, drinking water consumers. We are a water retailer and the Santa Clara Valley Water District is our water wholesaler so we work in partnership with the district as well.

We, in addition, treat waste water and supply

recycled water to the Santa Clara Valley.

We also are, of course, inhabitants of the South Bay eco region and have environmental quality concerns and finally we are State and Federal taxpayers who are, of course, looking at the future costs of a CalFed solution and other water supply and management alternatives.

What I would like to briefly contribute today is some prospectives really, some questions that we in the department have about some of these key elements of the CalFed solution that have been deliberated on here and I know that the process is coming to a close, if not exactly winding down, and we would just like to press for clarification of some issues in about six areas.

The first is in water quality.

What we would like to see is an analysis, an objective analysis, comparing the costs and benefits of new storage and conveyance facilities versus the costs and benefits of drinking water treatment at the source to some of these higher standards that are going to come online in the future. We'd like to see objective data with some scenarios so we could start to decide where we want to go with the recommendation in the water quality area.

In water supply reliability San Jose recycles about seven million gallons a day currently.

We are looking to develop a recycling capacity by 2005 of 21 MGD's. We have to recycle because the Regional Water Quality Control Board has told us to reduce our waste water discharges in the Bay but it's also good for the environment and it is something that San Jose residents have accepted as part of our future water supply management efforts.

What we would like to see in our water supply reliability is, first of all, an increase in CalFed funding for water recycling statewide. Second of all, we'd like to see CalFed help to clarify the benefits and also the impacts on our water entitlements to imported water that a statewide water recycling program might have. We'd like to see that clearly illustrated.

And then we would also like to see an upfront sort of out in the open examination of the benefits, relatively, of mandatory VMP's for recycling and incentive based recycling programs because we're not quite sure given the public's issues with public acceptance of recycled water that we face locally how far we should go with building new facilities and how much we should commit to that in the future.

Ecosystem restoration has been important to us in the South Bay.

We're doing it locally in our creeks and in the

marshes. What we'd like to see regarding the Bay-Delta system is again a really comprehensive unbiased analysis of the amount of water and the timing of water flows necessary to sustain the ecosystem in a healthy condition in the Delta.

I know that's tough but it's something we'd like to see if we can get there.

With water transfers we support water transfers. It sounds like a good idea. It's certainly a good concept.

However, we have very, very challenging transportation planning issues, as you know, air quality issues in the Santa Clara Valley, and we're very interested in seeing what the impacts of water transfers throughout the state might be on land use in areas, let's say, within commuting distance of San Jose.

We recently adopted an urban growth boundary last Tuesday that's pretty tight and so we anticipated more of a demand for commute -- more of a commute into the South Bay from areas, such as Tracy and Stockton, and we would like to see impact of water supplies on those land use patterns out there.

Finally, thinking about storage and conveyance facilities and the big issues that are raised here about those, phased implementation is something we supported in

our comments in June. We still like the idea of phased implementation.

What we would like to see, though, when we're talking about phasing the Stage One process is that an analysis is done of the benefits of both of water conservation and water reuse to the water supply benefits of those options, that comprehensive analysis is performed and that we have an idea of how much these efforts can contribute to water supply reliability statewide prior to really getting going on the design and permitting of new facilities and that is because we haven't heard a whole lot of public support in our area for new facilities, even though they could have a benefit to San Jose and we want to just make sure that the solution advances along in a way where it's once CalFed gets together and implements it that it's defensible.

And in conclusion I'd just like to say thank you for hearing me speak and thank you for your good work and thank you, Madame Chair.

VICE-CHAIR McPEAK: Thank you, Mr. Sapunor.

Laura King, the San Luis Delta Mendota Water Authority, followed by Zach McReynolds.

LAURA KING: Thank you, Madame Chair. I know everyone's hungry so I'll make this really fast.

I would like to make a couple of comments on the water supply bundling actions for Stage One.

Some of these points may come out in the plenary session this afternoon but I'm not going to be able to stay for the whole time.

The new version that we have in the packet today most of the points are really -- most of the actions have gotten even more general and even less controversial than the previous version so from our standpoint the things that we didn't like that were in the previous version we're glad that they are not there but it really is hard to tell from this package whether there really would be any water supply gains out of Stage One and that's -- just to give you a general flavor reaction this has a pretty mushy feeling to it and I am assuming that CalFed was deliberate in putting that out that way.

The ag urban policy group did put together 21 pages of single spaced comments with a lot of ideas that were designed to really not make the Stage One actions more controversial but to really kind of think through how do you punch some of these actions forward so that they really get somewhere in that seven year period and I would have liked to have seen a little more reflection of, some of the points were included in this version, but we'd like to see a little more of some of those nuances included

particularly with respect to the groundwater storage actions. The last point I'd like to make is one that Lester referred to earlier.

It's our feeling that the operational criteria are probably one of biggest places where you could have some supply improvements in Stage One and this list doesn't really deal with that issue, at least not directly in any way at all and that's something that I think we are going to need to be talking about quite a bit in the next couple of months.

Thank you.

VICE-CHAIR McPEAK: Thank you, Laura. Zach McReynolds followed by Michael Jackson.

MS. REYNOLDS: I'm glad I'm not last.

In the interest of full disclosure I'm from Western Water Company and my comments are going to be on water transfers and we own substantial amounts of water all over the west, and so it's an important component of our business strategy that a transfer market, a functional transfer market be put in place.

So what I'm about to say you could probably completely disregard as entirely self-serving but I hope you won't. I hope you'll put that aside and see if what I'm saying makes any sense apart from my business interests in it.

We think the issues that are identified in the water transfer program during Stage One are the right ones. We think it's a good set, but we do observe what we believe to be an important disconnect between that program and some of the rest of the actions.

What I did, I think, and what I hope other people will do will be to look ahead a few years. We are at the end of Stage One, which is 19 -- 2006 or something like that, and we need to conclude, I think, at the end of that stage that we have a functional water market so that we can move ahead to Stage Two because I think it's going to be very difficult politically and for a number of reasons to move ahead to some of the actions in Stage Two unless you can reflect back and say yep, okay, we've done what we can with conservation and water transfers and we see what they can do, we think they work.

In order to do that I think you need to be looking backwards back at 2004 or 2005 and saying hmmm that worked, okay, or we need to change it somewhat.

It's my experience and I think you can look at other markets whether you're looking at the old Soviet Union or you're looking at the electric market in California that a perfect market doesn't just spring into being the instant you put the rules in place even if the rules are perfect and if you think we're going to put

perfect rules in place the first time you probably haven't been listening, but I think we're going to need to road test these market rules and change them as we go through time to get it working right.

If you look at the existing law and the intent of the existing law with respect to water transfers I think that proves the point. I think the existence of those laws and the fact that it has been so difficult proves that it needs some adaptive management you might say as you go through.

And to me, and we made this point I think and other people have as well, a market is more than just a collection of transfers.

There's some key aspects of a market that you have to have in place. It's not just, yeah, we did fifty transfers, that's a market. The market needs to be competitive so you get a real true price signal. It needs to have price transparency so people know what the price is and it needs to have liquidity which means you can buy and sell water when you need to.

I don't think we're going to be able to look back at 2006 and look at all of that unless we've had some different hydrological conditions to look at before then and, you know, as my boss says, these droughts are damned unreliable when you need one.

I don't know if you're going to have different hydrological conditions in place in just the right years to say, okay, we are going to have a drought in 2006, we can see if it works, so you need to have a period of time.

The point of all this is what's in the transfer program is very good but we strongly believe that you need to have an interim set of rules on every one of these points in place by December, 1999 or you're not going to get there by the end of Stage One in determining if the rules work, if they need to be changed to work and if you have a functional water market.

Thanks.

VICE-CHAIR McPEAK: Thank you. Thank you, Zack.

Mr. Jackson, followed by Cynthia Koehler.

MICHAEL JACKSON: My name is Michael Jackson. I'm an attorney for the Regional Council of Rural Counties so Mr. Meacher will hit me with whatever he has if I say something wrong.

I just wanted to respond to the idea that somehow there has been CalFed evidence that Alternative Three would be a step forward.

I want to reassure you all that it would be a step off a cliff. We do not have the data to justify the Peripheral Canal at this point.

The statement that it turns out to be beneficial for water quality in the Delta or for fisheries in the Delta is just flat wrong.

Now, I guess reasonable people can read the same material and come to a different conclusion but it seemed to me that it was very clear that the violation of the Delta pool concept, the uncertainty which was highlighted in the evaluation of whether or not to go -- of what the effect would be on water quality in the Delta, what the effect would be on the fisheries, the movement of the diversion into the critical habitat for the Sacramento River fishery would be disastrous, and if there is any misconception about the vote if we went forward right now, I just need to remind you Mr. Meacher represents 27 admittedly relatively unpopulated counties but 95 percent was the average vote last time, and I do not believe that the urban water districts in the Bay Area could guarantee support from the Bay Area at this time.

So while I'm sure there is a frustration building among some of the urban folks you really don't want to go there on number three right now.

VICE-CHAIR McPEAK: Thank you, Mr. Jackson.

Cynthia Koehler.

CYNTHIA KOEHLER: I'm Cynthia Koehler. I

am the Legal Director of Save San Francisco Bay Association. I had hoped to be here today to give you the environmental water caucuses white paper that we are preparing on water supply reliability but it is not quite ready for prime time so I am going to just preview some of our assumptions and our recommendations.

We are preparing it as a caucus in response to CalFed's draft preferring -- a draft document called preferring -- developing a preferred alternative and particularly what inspired it particularly was the presumption in favor of building new dams and surface water reservoirs in the considerable Stage One activity towards this end, and we believe that the proposed Stage One actions for agriculture and urban water conservation are a good start but are a bit too limited.

So I'm just going to touch on a few of our assumptions and a few of our recommendations for your consideration at this point.

Our first assumption is that ecosystem restoration improves water supply reliability. Restoration of the Bay-Delta ecosystem is the foundation of all of your efforts to improve water supply reliability and as long as species and habitats continue to decline and be degraded we will all continue to contend with regulatory uncertainty.

Second, there really is no new water. What

some have called new water is in fact reallocation of water from the environment. We are dealing with an ecosystem that has been depleted to the point of where its researches are crashing and we are confident and we know that many of you are as well that the system can be managed to improve the reliability and understand that smart water management may require a different approach to the operation of the project facilities.

Our third assumption is that we shouldn't be -- as a first principle we shouldn't be doing any harm. Any water supply reliability activities undertaken pursuant to whatever CalFed preferred alternative has adopted should not further degrade the ecosystem and moreover should support full ecosystem recovery.

Fourth, price matters and that seems to be a concept that's gotten lost in some of the CalFed analysis. No one including the taxpayer wants to pay more than they have to to solve these problems and moving toward pricing that reflects the economic and environmental value of water is certain, we believe, to encourage efficient water use.

We have a few concerns that I thought would be useful to highlight for you today as well.

First, CalFed -- as we've said in other forums CalFed needs to accurately define the water supply and water demands baseline.

We have not yet seen a clear and accurate picture, historic and current water demand or use by any sector. This type of baseline is essential not only for purposes of clear accounting but because inaccurate claims and beliefs are beginning to drive the policy decisions.

Our second concern is dams or no dams. That's really the wrong question but it's the one that a lot of us have spent a lot of time on the past year. One of the most unfortunate trends has been this divisive preoccupation with arguments both for and against construction of new surface storage. This issue somehow has become divorced from the key question CalFed was created to answer, how to best restore the ecosystem and improve the reliability of water supply and water quality.

We believe that CalFed should begin its Stage One program by implementing environmentally and economically sound water supply reliability tools such as groundwater storage, transfers, conservation and reclamation, to produce near term benefits and form our longer term decisions about water supply. Surface storage should continue to be evaluated in context with all of the water supply reliability tools that we will describe in our paper.

Third, "Let's get better together" has become code for "I don't get better, neither should you." We think this quid pro quo philosophy is unfortunate and ignores the fact the interests do not come to this table as equal players. The ecosystem is on the verge of collapse and has been for some time.

Our analysis -- according to our analysis which I did not conduct, we left that to our competent technical folks -- indicates that a suite of demand and supply side option offer the potential to go far beyond what CalFed has considered to date and could generate millions of acre feet of water for all water users. We believe that they can form the basis for an environmentally and economically sound water supply reliability program.

I'm going to take just a minute and preview some of our recommendations. They really focus in doing a few things: Maximizing conservation and recycling potential; jump-starting the groundwater storage and management programs; facilitating appropriate water transfers; ensuring environmental water reliability; improving the operation of existing dams and canals; and developing an accurate water baseline.

Our list is long so I'll just give you a

few of the highlights.

In addition to some of the things CalFed has already laid out for Stage One, we are suggesting the following:

Develop performance standards and enforcement programs for agricultural water use efficiency. Implement a program for comprehensive water measurement of all agricultural water use.

Develop loan, grant and cost-sharing programs to increase local participation in agricultural water conservation strategies.

Research programs to address areas of uncertainty in water use efficiency. For example, research in the -- on the question of the potential for reducing irrecoverable losses through reductions in evaporation could be very important.

Design and implement a program for comprehensive water measurement of all urban and municipal water use.

Develop similar loan, grant and cautionary programs to increase local participation in urban water conservation programs.

Identify and then develop a program to address legal and institutional barriers to water transfers and improve the use of existing

infrastructure for transfers as appropriate. This is likely to require federal and state legislation. Do not be afraid.

Encourage south to south transfers to meet consumptive use needs and north to Golden Gate and storage transfers to meet environmental needs.

Establish, fund and implement an environmental water acquisition program with at least an annual budget of a 100 million to endow drought year reserve and help meet long-term environmental restoration.

Develop proposals for institutionalized groundwater banking to facilitate transfers.

Develop a water budget for the Bay-Delta system including a registry of end streamflows.

Develop realistic modeling assumptions regarding water transfers in the CalFed no action alternative.

Develop BMPs for water recycling.

Develop cost-sharing of loans and grants programs to increase local participation in recycling strategies. We have a fairly lengthy set of recommendations about how to facilitate groundwater management that I won't go into detail today.

Investigate and implement reservoir

reoperation to utilize expanded floodways for all major reservoirs in the Central Valley.

And those are really the highlights. We will, as I've said, get you our paper once it's complete but we did want to let you know that it was coming and that our analysis does show that there is far more that we can do to resolve this debate amicably, and we are hoping to enter into a productive dialogue with all of the stakeholders on this over the next few months.

Thank you.

VICE-CHAIR McPEAK: Thank you.

That concludes the cards that I have so far.

Mr. Hall.

MR. HALL: I have a question for Cynthia.

VICE-CHAIR McPEAK: Cynthia, will you agree to take a question from Mr. Hall?

MS. KOEHLER: Yes.

MR. HALL: The ETA on the document?

MS. KOEHLER: Last week. I'm assuming early next week and probably the end of the week, no later.

Would you like us to fax you a copy, Steve?

MR. HALL: Please.

VICE-CHAIR McPEAK: And Byron -- why don't you -- well, I think send it to CalFed. They'll distribute it.

MS. KOEHLER: Great.

VICE-CHAIR McPEAK: Okay.

All right. Okay -- yes, Stuart.

MR. PYLE: If you're going to send the paper out, I think I'd like to see the earlier papers presented if they are available. San Diego had a couple of good statements.

VICE-CHAIR McPEAK: Let me then try to wind this up with some blanket comments.

You might have noticed that we allowed all the speakers to share their full comments and I wasn't timing them.

The nature of the comments, the quality of the comments in terms of detail and getting to specifics has been, I think, quite useful and I wanted to -- I wanted to acknowledge to all of you that we didn't limit the comments today in order to hear and get the benefit of the public's thinking.

So for any of you who have your comments in writing, although we have a full transcript now, we would like to invite you to submit them so that those

comments could be shared.

We appreciate very much the time that everyone took and also your patience in being here. I think that that probably does conclude our morning program.

The BDAC folks are going to take about an hour and have lunch here.

For the convenors and the facilitators of the three groups, Mary will want to meet with all of you sort of in this corner during lunch to prepare for the report out, and this morning there was much discussion about the definition of reliability and so I want to give you all a homework assignment during lunch.

There is one definition that one group developed up there. You can go read it. You have to get close enough to read the fine print. But please develop your own and think about it seriously so that we can have a discussion about reliability as well as hear the reports from the groups.

We are adjourned until 1:30.

(Whereupon the noon recess was taken at 12:35 p.m., after which the following proceedings were had:)

AFTERNOON SESSION

--o0o--

VICE-CHAIR McPEAK: Ladies and Gentlemen, I've been reminded by commissioner council member Dunning that I'm past due in convening this meeting, and so on behalf of Hap and I welcome you back from the lunch break.

We are going to ask that the conveners report back their results. And quite candidly, I am looking around the table, I know we've got more folks out there who need to hear these reports. So, could anyone go out in the hallway and tell them to get in here, please?

(Discussion off the record)

VICE-CHAIR McPEAK: We are a little bit better off. We've got all three of the conveners present. The process that the conveners have proposed that we go through right now is to hear the report from each group going on each of the items. So we will hear from all three groups first on water efficiency measures, then we'll move to the second and the third and the fourth. Get any clarification that you need. They are going to also not only just report out where everyone came down on the spectrum with respect to consensus, but the comments on where they propose

modifications.

Then with that information, Pat is going to describe to us the process we are going to use in the afternoon in breakout groups again, although, these are going to be mixed up; that is, there will be a cross-section of folks in each of the breakout groups.

So with that, let's start with the first item which was water use efficiency. Did we have numbers assigned to the groups? I guess we did, so group one. I think, Byron, that's you.

MR. BUCK: Overall we were all kind of ones and twos on this and we pretty much had complete endorsement of Items 1, 5, 6 and 7.

Item 2 which had to do with the approval authority for urban water management plans. We had a modification or conditional acceptance of that, noting that approval to us meant that basically agencies were reviewed for their compliance with the law, the statute that currently exists for people having to do urban management water plans and nothing more than that; that there was no second guessing of the decisions that were made by local agencies in terms of how to manage their water supply, but it was merely limited to did you comply with the law.

Item 3 was -- took up 90 percent of our

discussion, which I think was implement the MOU process, certification of agency plans. And overall there is agreement with that, but there's a distinction on how that those have to do that, it should be tied to them receiving CalFed benefits. So those that need CalFed benefits should get it was generally one view.

There is a broader view that overall if there's benefits out of the CalFed program that are basin wide, everybody ought to be doing it. So we really kind of finessed that point.

There are concerns about who it applies to again, who is running the process and there definitely has to be linkages that agencies are only going to want to do this if there is going to be benefits either individually or overall.

Same with pretty much Item 4, that there again, that's accepted there as long as there's linkage to storage and water quality benefits on the other end for the ag participants.

VICE-CHAIR McPEAK: Very good, thank you.

I'm going to see if we can't get maybe all of them lined up. I'm having a hard time picking them out and I'm closer than most of you, so if we could get all the water use efficiency ones.

Okay. Group 2, is that you, Richard? No,

it's Pat.

MR. McCARTY: I apologize that I didn't prepare as extensive notes as Byron. I had more notes that I put on the board.

With respect to water efficiency, our group was essentially twos, with a couple of ones. The issues as they apply to each of the elements are on the board.

Under Item 1, we felt that there was a requirement for broader participation in an expanded group of stakeholders.

Item 2, there was a concern about who was going to develop the mechanisms. There was also a concern about how it was going to be defined or who was going to define it.

Item 3 was we wanted to modify that and make it subject to -- as soon as Sunne moves there I'll -- make it subject to cost effectiveness and financing.

Item 4, we wanted to modify that to change the language to be and/or CVPIA. We wanted to exclude area of origin diverters such that those adhering to the plans would not increase basin water supplies. So if someone doing everything that's laid out still is not contributing to an increase in overall supply, they

would be excluded from that participation unless it's required by CVPIA.

Also, on 4 we wanted to add an exemption to districts with restoration programs. On 4, also, participants should be required and benefits more quickly from the start; participation should be recognized and the benefits derived more quickly from the start.

Category 3 should fall outside the individual districts. Individual districts or regional participation is possible in the implementation process.

Item 6, we wanted to modify that to have recycling on a watershed basis so the recycling is looked at within the watershed as opposed to statewide. We wanted to modify it to provide for preferential funding would include low interest loans, grants and other financing mechanisms.

No. 7, we put a modification on that or a caveat that that was assuming the plan is good, because that whole No. 7 assumes that there is a plan in place and is dealing with the plan.

That's it, Sunne.

VICE-CHAIR McPEAK: Great, very good, Pat.

Yes, Byron?

MR. BUCK: You're talking about Item 4 exemption for those areas doing restoration plans. I don't -- can you explain that, or someone from your group? Tib?

MR. BELZA: What we meant was if they were trying to allocate funds, if they had done everything else and it made no impact on the water supply end of it, that you shouldn't be penalized if you do have a restoration project going on. And then someone clarified to me saying, well, that wouldn't follow under water use efficiency anyway. So we made that statement but it was kind of clarified later.

MR. BUCK: Restoration -- I'm not sure what you are restoring when you're referring to the restoration project. Ecosystem?

MR. BELZA: Yeah, I'm sorry, ecosystem restoration.

VICE-CHAIR McPEAK: Richard.

MR. IZMIRIAN: Actually for a moment there I thought Pat was reading our list. There wasn't a great deal of disagreement in the very general.

Most of ours fell in the -- okay, I'll try this.

Most of ours fell in the modified category and most of our changes were fairly global having to do

with all of the changes except for No. 4, which we pretty much eliminated and incorporated into No. 2 and applied the same standards for agriculture in No. 2 as were applied to urbans, and that is located -- there, that's where she put it.

So change to read: Develop and implement mechanisms for approval authority for urban and ag. H2O, that is water management plans, approved plans and implementation would be conditional for -- would be conditioned for areas receiving CalFed benefits. Okay.

When we got to Item 7, there was a fair amount of puzzlement on that and people didn't feel they had enough information to really take a stand on that. Now the general observations that were made, the modifications -- now where did we put them, okay. One of the folks from the mountains asked for a definition of a local agency. There was also a fairly, I think, sincere consensus that endorsement of any actions would be linked to performance standards.

Also, there's a desire that we define who will pay and what would be the relative priorities of the various actions, not just among the seven in this section but among all of the actions taking place for water supply reliability. Would like to identify who makes the decisions, who will resolve the differences,

not necessarily CalFed; that is, those agencies which already have those responsibilities such as the water board, the legislature, in other words, resolve any existing structure.

There is also expressed a need for enforcement tools and also a desire to maximize local involvement.

VICE-CHAIR McPEAK: Very good.

Any questions?

Okay. Then let's move to the second item which was storage.

Byron?

MS. SELKIRK: Sunne, can I --

VICE-CHAIR McPEAK: Yes, Mary.

MS. SELKIRK: -- make a suggestion that we do -- we hear from each group action by action rather than category by category. It might be -- my idea is it might be easier to follow if we get results from each group on action one.

VICE-CHAIR McPEAK: That's what we are doing.

Oh, you mean --

MS. SELKIRK: No, I mean action by action so --

MR. BUCK: Category and then action by action.

VICE-CHAIR McPEAK: Oh, I think that might be too involved just to compare. I mean that's why we're trying to -- if everybody can see the -- that's why I'm trying to get the group, the papers together. That will take forever, believe me.

MS. SELKIRK: Really? Okay.

VICE-CHAIR McPEAK: I think so.

Byron, on storage, let's get the storage ones all lined up.

MR. BUCK: Okay. On storage, we actually didn't fill it in that way. Generically we were at two which is modification of all of them, and everybody agreed that we needed to move the time frame up on all of them or compress it as much as we can.

We had some specific comments on Item 5 which is the 404B1 analysis that that -- to us, that had to refer to site specific 404B1 analysis that we need to see a 404 finding on a programmatic level with a need for storage overall in the system by the record of decision in 1999; that is, before Stage 1. That 404 analysis in Stage 1 would be with respect to those sites that you have on the list to make sure those are the least damaging practical alternatives to meet the need that you've defined up front in the program when we have the preferred alternative come down.

So a very big distinction there that we need to in this process define the need for storage at the time of the record of decision and not push that off into the future or else we really haven't accomplished much of anything.

Also, we need to add to Stage 1 a financing item that the financing package for once you've moved through the feasibility studies and you know which sites are viable and what they are going to cost, that the financing package is put together and that the beneficiaries step forward to pay for those water consumptive benefits that would come out of storage, and any of the environmental benefits that are assigned to the project get paid for by more general fund categories.

VICE-CHAIR McPEAK: All right, thank you.

Pat?

MR. McCARTY: We're up here. We started out pretty equally divided between endorsement and modification. Then we said, wait a minute, this whole category needs to be renumbered and reorganized.

So we stepped back and looked at a couple of things and said that, one, we had to define what a cooperating participant was, and a couple of items was that there was financial participation, both a cost

side participation and a benefit side participation. We also said that cooperating was nonfederal, nonstate, so that we were talking about local districts.

This identification process, the way it was drafted or the way it was presented, appeared to be rather finite and defined and we felt that that process was ongoing and continuing over the life of the program.

We went to Item 2 relative to documentation, defined that as full NEPA/CEQA. And then again we stepped back and said that there had to -- all this really was, a process to be implemented after we had an objective and that that was an overall plan which meets the required yields, then we undertake this process.

Along with that was the need as a part of this plan, to establish a range of values achievable from each component, whether it's water efficiency, water storage, whatever the component pieces were, establish a range of values that we can achieve rather than an individual stated goal. And then address them in a priority of need, benefit and time, so that we were looking at achievable results as they evolved.

VICE-CHAIR McPEAK: Very good.

Richard?

MR. IZMIRIAN: I apologize, I don't know where I am.

Okay. We didn't get very far through surface storage. We started -- then we started modifying, I think, the -- is this on?

Okay. In Item 1, which is identifying the local cooperative agencies, a little bit of modification which I'll get to is a general list again. By the time we got to two we were -- okay.

Let me go right to the -- all right.

The first point on Item 1, I guess, was to encourage more local initiative in planning the projects and replace the role of DWR and BUREC in that regard.

It was also considered very important to determine the need for such projects and link those projects to water use efficiency and conjunctive use.

There was also a rather strong emphasis on doing the economic analysis that we have spoken about for a long time and haven't seen yet. Before any additional storage is considered, we would very much like to see an economic analysis so that would be a strong link; who will pay, what is the willingness to pay on certain parties should certainly be evaluated; and before anything is done, that would be a necessary

condition.

On the environmental documentation, there was a need for to define whether that's a programmatic or site specific documentation. There was also some discussion about the time value of water needs. It needs additional work. Some discussion about peak flows, the notion that taking away the peak flows would not hurt the environment was put into question and asked that more work be done on that regard.

Also expressed a desire to explore the link between surface storage and fish bypasses at all dams. In other words, the watershed areas are no longer linked to the rivers below the dams and there is a strong interest in seeing that the fish are able to get up into the upper water sheds for spawning and so forth.

VICE-CHAIR McPEAK: Very good.

Any questions of Richard?

Let's go to water quality.

Byron?

MR. BUCK: Across the board on this one we had kind of an opening comment, but the previous version of the staging document that we got last time had much more detail than this one does and that this kind of got boiled down with some stuff that was really

pretty vague. And overall while we're okay with it, we noted it only really addresses salinity issues, doesn't really say anything about drinking water quality.

So while we endorsed it with modifications, we had a lot of additions of things that also need to be done during Stage 1 to address the drinking water issue specifically. And overall we need to do some work in this effort to evaluate the capability of the system, recognizing there is no isolated facility, to enable agencies to meet the standards that are going to be promulgated into 2002.

So we need to know what can we do to push the existing system both in terms of water quality measures upstream and management of storage and the through-Delta system to do what we can to make the most progress we can.

Also, there needs to be more specific statement on overall improving drainage quality coming into the system, and we also need the evaluate water exchanges among parties that have good water quality, upstream quality in the state now, as temporary exchanges to get it to those urban areas that have poor water quality coming out of Delta; that that may be an interim measure within Stage 1 before anything can be done in the big picture on facilities in the Delta that

could help agencies improve their source water quality.

VICE-CHAIR McPEAK: Pat.

MR. McCARTY: We were unable to get beyond the first two items that we discussed. Our group was larger than most and to facilitate everybody commenting it took longer. I did find a sheet that I was missing from the storage issue.

On Item 9, under modifications proposed, we had established a level of needed yield and benefit and time for which there would be no linkages, and then also a comment to just drop all linkages under the construction conditions.

VICE-CHAIR McPEAK: Okay. Did group three do water quality?

MR. IZMIRIAN: We never got to water quality.

VICE-CHAIR McPEAK: Okay. If you didn't get to water quality, does that mean you didn't get to transfers either?

MR. IZMIRIAN: Did not get to transfers.

VICE-CHAIR McPEAK: You didn't get to transfers. Okay. We are going to have group one report out and then we'll tell you the next exercise.

MR. BUCK: Do we get an A for getting done?

VICE-CHAIR McPEAK: I thought the three of us had a great deal of disagreement.

MR. BUCK: Transfers, I think we had again ones and twos on most of this. The first one there is a concern that the clearing house should be a tool to facilitate transfers and not to impede it. It should be in modified to delete the reference to provide a forum for discussion and comment on proposed transfers.

There is plenty in the code now that provides forums for doing that; that they are really to help us get the data we need to analyze them, rather than provide yet another forum to discuss them that isn't going to really help the process much.

On Items 5 and 6 about CalFed agencies working with stakeholders in transfer proponents to lower conflicts, both 5 and 6 we wanted to have that done in a guidelines format that there is -- that activity goes on now on a transfer by transfer basis. What we need to do is categorize certain kinds of transfers and come up with broad guidelines that say, transfers under these circumstances work and should move through the system quickly versus other ones that cause more problems for local communities and other things.

Those need to be separated out so there is

guidance for people to move the ones that are relatively noncontroversial through the system quickly and focus, allow the process to focus on ones that perhaps have more impact.

We had a conditional approval pretty much on 7 as well, tracking and monitoring instream transfers. And the group can help me, I think we had something else to say on that, but it's not in my notes.

VICE-CHAIR McPEAK: We should be able to monitor.

MR. BUCK: Yeah. We clearly got -- you know, supporting that that we do need to monitor the instream water to make sure it's there, but there's also -- I think there was a desire to make sure that the water rights are followed to make sure those aren't impaired over the long term. I think that's what it was.

VICE-CHAIR McPEAK: Very good.

Any questions on that last report?

Pat has a -- the conveners have a proposal for us and Pat is going to explain it. The proposal is that we are going to now break up again with these comments on modification. It -- in part, there has been a clustering of when we could put a number to it; that is, where we were on that spectrum of consensus

there is a clustering to a certain extent, generally somewhat in support with modification.

So we don't think that Lester and crew have yet captured the brilliance that needs to come through in these proposed actions. We've got a lot of differing comments on the modifications. Some of them are still pretty divergent in terms of comments on modifications.

But we want to now have, again, a breakout into groups, but at this point a mixture, if you will, of viewpoints, an integrated dialogue and we're literally going to number off just in order.

And Don, is Tom under the table or did he leave? He's under -- okay, he's one.

(Discussion off the record)

VICE-CHAIR McPEAK: Do you all remember which number you are?

Okay. Those of you who are one are going with Byron. Those of you who are two are going with Pat. Those of you who are three are going with Richard.

Does anybody not remember what number you were?

Okay. We'll tell you in just a moment which rooms you're going to, depending on which

numbers. But Pat, will you please explain the process because we are going to ask each group to engage in the comments on efficient water use and then storage. We'll deal with two issues this afternoon, Pat, and how are we going to do that?

Mr. McCARTY: I think it's clear that if there is any consensus, it's the consensus for modification from all the groups. And then if we look at the kinds of modifications that have -- from the comments made, some of them are very similar, some of them are quite divergent as Sunne pointed out.

I think, and the conveners agreed, that a more appropriate structure for this afternoon was to put the diverse groups of people with different issues, different backgrounds, different agendas in the room, and this go-around there is no abstentions, there are no blocks and there are no standing on the side of the room.

What we want to do is take the modification position, which we've all pretty much said that's where we're at on these items, and force the definition of those modifications to the point where we all gain endorsement. What modifications have to be made to these items to force or to allow you to endorse the item?

And I think that's going to be better data and input for the CalFed staff than this very broad group of a whole bunch of things.

VICE-CHAIR McPEAK: Does everyone understand the instructions that Pat just gave you?

Mr. Graff is No. 1. You knew that? Okay, No. 1 can stay in this room. Two, we are going to El Dorado, is that where we were before?

MS. SELKIRK: Placer -- Monterey.

VICE-CHAIR McPEAK: Monterey.

And then three to Placer.

MS. SELKIRK: Time check, it's 2:00 now. Proposal would be for you all to meet till 4:00.

VICE-CHAIR McPEAK: Ten of four.

MS. SELKIRK: Ten of four, at which time some of the CalFed staff have prepared a response in part to some of Alex's issues with regard to Alternative 2 and they are going to show an animated presentation about following a drop of water through the Delta. It should be pretty interesting.

So they will do that at 4:00, but we have until then. So be back by ten of.

VICE-CHAIR McPEAK: And for everyone's benefit, there is a reception this evening. I had wanted to do another meeting of BDAC to discuss finance

tonight and Mary overrode me and said I was absolutely too boring and not inspiring, so they are having a party instead. And that's actually being hosted by AQUA and the California Urban Water Agency. So both AQUA and CUWA are --

MR. HALL: The environmental community is invited anyway.

VICE-CHAIR McPEAK: Yes. Well, and we're not using up water at all, presumably some other kind of form of beverage and it's up on the top floor.

So anyway, that's the reward for working hard for the next two hours and we'll see you back here. I'll try to finish up by ten of four so that you can be back in your seat at 4:00. Thank you.

(Recess taken from 2:09 to 4:05 p.m.)

VICE-CHAIR McPEAK: We've had a very productive work group this afternoon and we've all been so engaged that we've used every minute that we could grab to continue to have discussion. But we now have a presentation that has been prepared to show flow through the Delta.

So we have optimizing the through-Delta alternative, and Mark is going to present what they have prepared.

Mark.

MS. SELKIRK: Then we'll report out.

VICE-CHAIR McPEAK: And then we'll report out.

MR. COWIN: Thanks, Sunne.

Am I on?

VICE-CHAIR McPEAK: You're on.

MR. COWIN: Since we have put out our draft EIS/EIR back in March, we have continued to work on refining and evaluating our various Delta conveyance alternatives and we have a short presentation today which I hope will illustrate a couple of the findings that we've come up with.

When you said about formulating any Delta conveyance strategy, of course there's a lot of issues to consider and we want to look at a fairly narrow issue today, and that is export water quality and how various Delta conveyance routes in a through-Delta alternative affect that export water quality.

So just in way of review, you may recall that our primary through-Delta conveyance alternative that we've used to compare the three basic alternatives consists of a 10,000 cfs diversion at Hood, a connecting channel into the Mokelumne system and enlargement of this red channel, the north fork of the Mokelumne down to the San Joaquin River, and various South Delta improvements along with that.

One of the big decisions in deciding how to formulate a through-Delta alternative is which one of these channels to enlarge. The way CalFed staff came down on this issue was to select this north fork Mokelumne channel primarily because of the existing habitat values in the south fork.

There is another hypothesis that Alex, for one, has championed, and that hypothesis is that by moving the primary conveyance route away from the ocean towards the east, that you could avoid some of the ocean base salinity and improve export water quality.

So we took about evaluating this idea over the last few months and I think our findings are pretty straightforward, and we have a little presentation to hopefully illustrate that today.

What we find, basically, is that you do indeed get local water quality improvements in the channel that you direct most of the fresher Sacramento River water into. But the big finding is that there's so much tidal action in the San Joaquin River, once water hits the San Joaquin River from either one of these choices of conveyance, there is enough mixing that takes place that by the time the water reaches the export pumps, you have just about the same water quality under either alternative.

Now, I want to be clear that under either one of these types of through-Delta conveyance alternatives, you do have an improvement in export water quality in comparison to the existing system where most of the water heads down this direction towards the western Delta and around towards the export pumps.

So what we really want to illustrate today with this particle tracking model is the sort of mixing that takes place as the water traverses the San Joaquin River. And the end result, again, as I said, is that we don't see an appreciable difference in export water quality, regardless of the channel that we choose here.

So I'm going to turn it over to Francis Chung from DWR, and he is going to provide us with a little animation show.

Thanks.

MR. CHUNG: Thank you, Mark.

I guess without really reiterating what Mark just mentioned, let me kind of orient some of the channels just in case you're not familiar with this region.

This channel here, as Mark mentioned, is the north fork of Mokelumne. It actually ends here at this location. The length is about 10 miles, and the

channel along that region kind of winds it down and ends at that location. That is called south fork of Mokelumne.

In terms of existing channel dimensions, the flow area below mean see level in that region is about three to 4,000 square foot, whereas the flow area below mean sea level along the south fork of the Mokelumne there is a lot, but in the upper part it's less than 2,000 square foot. So under the normal circumstances, the flow split in between these two channels is to the ratio of about four to one. Flow in that channel, north fork of Mokelumne, is about four times greater than the flow in the south fork of Mokelumne.

Now what we did, as Mark mentioned earlier, is to drop a number of particles. Now we dropped the particle at this location about Hood in the Sacramento River. And this particular particle that we injected inside the mathematical model has the ability to move with the water. It has -- it is assumed to have the same density, the same relative weight as the water, so the particle is free to mix with the water either in terms of the depth column, top and bottom of the water column, or the longitudinal movement. So it does adapt or move with the water particle itself.

And the particle injected in that location in

the Sacramento River is really indicative of the freshness. So if you see more particles in any location, you will see more particles traveling south fork of Mokelumne when we improve this part of the channel, and you will see more particle traveling in that channel.

Whenever you see more particles or when you see an equal number of particles get entrained at the Cliff (phonetic) forebay, that's a good indication as to the freshness of water. And the opposite of that fresh water is the saline water; salinity is just the opposite of the number of particles that you may see going through a specific part in estuary.

So without further adieu, allow me to proceed with this animation of these particles.

One to the left is the north fork improvement, you just saw that, and the idea there is to improve the channel from that point all the way down to the confluence of Mokelumne and come down -- that's Mokelumne river itself -- and connect to San Joaquin at that location.

One to the right has a geometry which the channel shape has been changed to reflect the enlargement of channel segment starting from here, the south fork of Mokelumne, connects to Little Potato

Slough at that location, and then what is called White Slough, and then Disappointment Slough connecting back to San Joaquin River. This is once again the San Joaquin River.

So we inject the particle at this location in both models, and in both cases, time is completely synchronized. So the movement, you will see the clock showing at that location. And let's get it started.

MR. BUCK: What's going on with the cross-channel and Montezuma Slough, are there any barriers there or anything else?

MR. CHUNG: In this particular scenario, this is July 1989, which is a dry year. The Delta cross-channel in July, as you know, is open. So the Delta cross-channel operation is open, South Delta barriers are in operation -- I'm not going to get into all the details of it, but -- does it cover that a little? Yes, thank you.

These are the south Delta channels. We never operate four barriers all at once, but in the month of July we do have agricultural barriers in operation.

MR. BUCK: Georgianna is open like it is today.

MR. CHUNG: Georgianna is open at all times.

Okay, let's get started.

You see the particles showing up here and slosh back and forth -- slow down a little bit -- and each tidal phase, which is about a six-hour period, the particle moves to the tune of four to eight miles. So as you can see these particles sloshing back and forth, that means six hours has passed, and six hours later the particle will move back up estuary. So you see the slosh back and forth is 12 hours; to be exact, 12 hours and 48 minutes.

Let's move on.

Can you see that? Let's pause there a little bit. As I pointed out earlier, due to the schematic on the right-hand side, those have the channel enlarged, 2,000 feet levy setback as proposed by Alex there. And as a result, you do see more particles traveling and taking advantage of that enlargement and taking that route of south fork of Mokelumne.

So if you can count the number of particles, just eyeball that, you know, that as opposed to that, you see a lot more particles traveling in the south fork of Mokelumne.

Let's move on.

Now the particles as they travel through this northern part of the Delta, they have the task of going through the San Joaquin River -- and just maybe pause

there for a little bit.

San Joaquin River flow is subject to pretty strong tidal current. At the early point, for example, the maximum instantaneous tidal flow is about 150,000 cfs. At Chiff's Island, by the time you get down to that location, it's about 300,000 cfs.

And the tidal flux does diminish as you travel on San Joaquin River, and by the time you get to this place, it's called Columbia Cut, there is about 15,000, 15 to 20,000 cfs. And as you get across the Bradford, that's about 60, 70,000 cfs.

So you can see an immense force coming from the ocean an inducing this mixing process. And as the particles try to get across the San Joaquin River, they all get mixed fairly well because of this tidal force.

Let's go on.

You do see some difference in the northern part of the Delta -- could we speed up the animation a little bit? Make it a little faster.

Now you see, as they jump over -- they're not quite jumping over, but as they cross the San Joaquin River and the amount of particles that are being entrained at pumping plant, we have also a separate statistics that you don't see right now on the screen. We only show 100 particles that are being sent on the

screen, but in the reality on computer we simulated five times more to get a proper statistic.

And on a separate account which you don't see right now, but I'm going to share with you in a minute, is the total number of particles that actually got entrained at this location, and also the particles passing at other key locations. And you will see in that bar graph, as Mark mentioned earlier, you're not going to see a whole lot of difference in terms of particles entrained at these pumping plants.

Now we are getting close to the end of July. As I mentioned earlier, this is the month of July 1989. That is 27 -- we can either speed up or stop at this point.

So let me kind of move on. If you'd like to see it one more time, I'll be more than happy to run it over. Actually I've seen it like 10 times and it's very informative in the sense that unlike salt, we can also simulate the movement of salt, the particle is different than salt in the sense that it clearly shows you the path the particle takes to arrive at certain destinations, so it's very much educational in that sense. So let me kind of get to the bar graph that I just mentioned.

We need a Pac Man to get rid of all of those

particles.

Okay. These are the key locations that I mentioned earlier. Mokelumne, this bar graph shows 35.8 percent of the particle did go through this particular location. That's the Mokelumne River. And 16.7 percent of the particle did go through Terminous. Terminous is about there.

See that in contrast with what you see on the right-hand side, you see 22.9 percent of the particle going through Mokelumne, which is this location, whereas 37 percent, about double the amount that you saw in the north fork improvement, did go through Terminous. So you clearly see a big contrast in terms of number of particles taking path, depending upon which fork of Mokelumne River you improve.

But let us see what we see at pumping plant. First of all, Contra Costa, this bar graph is the entrainment at Contra Costa intake and this is the one at pumping plant. And as I said earlier, you see a very little difference, 43.5 versus 42.3.

This goes to the point that Mark made earlier. You do see some differences in terms of local hydraulics in the northern part of the Delta. But as the particle has to go through the San Joaquin system and all this braided aspect of the Delta channel, and

even when the channel is -- you have so many junctions and they get mixed up with each other, you go through this blending process. And the net results that we see at this MNI intake location, very little difference.

That basically concludes my presentation.

VICE-CHAIR McPEAK: Very good.

Mark, are you also going to say any closing?

MR. COWIN: Well, I just wanted to stress the purpose of all of this to indicate that we think that we have done a pretty good job right now of optimizing the through-Delta alternative in terms of export water quality. Of course, there are a lot of other issues, but in terms of that one, we feel like we are in pretty good shape.

VICE-CHAIR McPEAK: Okay. Are there questions on this?

Alex.

MR. HILDEBRAND: That's a very elegant and very interesting presentation, I commend you for it. It isn't quite what I thought we were going to model. And whether it would make a difference if you model what I anticipated, I'm not quite sure, but I think it would.

I had assumed that we would bring the

entire delivery into the Mokelumne channels through from Hood and we would not have the cross-channel open, we would not have Georgianna Slough open, and we would deliver it in such a way that all of the amount coming down the south fork of the Mokelumne would be sufficient to feed the pumps so that none of it would have to go in the other direction, as you only show 37 percent coming down that way.

I apparently did underestimate the effect of the tidal flux in the San Joaquin River. What that suggests to me is that if we did what I had in mind and also siphoned that water from the south fork or south of the south fork under the San Joaquin, just had that one siphon there, that maybe that would do the trick.

And the question here isn't whether it would take a lot of dredging or some facility to do this, it's how you compare that to building a peripheral canal. And it seems to me in principle that it should be possible to bring the entire delivery of the pumps, in terms of quantity, down that route rather than the other route. And whether you bring it down the east side through an isolated facility or through the channels, which are not a very different route, shouldn't make a lot of difference except for this tidal mixing you mentioned.

So if we are going to optimize this, we ought to think about how you do that and maybe we can fix it up for a whale of a lot less trouble than building an isolated canal and all the physical and political problems that it represents.

MR. COWIN: Just a couple points of clarification. These percentages are the number of particles from the Sacramento River that actually cross these percentages. In terms of the amount of water diverted from the Sacramento that reach the export pumps, it's more on the order of 80 to 85 percent of the exported water was actually diverted through either one of those channels.

I guess our intention here wasn't to compare the through-Delta alternative to an isolated facility or a dual conveyance type arrangement, so, you know, we don't have that kind of information to compare. But as we pointed out, the primary reason for the fact that we think we have gone as far as we can with the through-Delta alternative in terms of export water quality is that mixing that occurs in the San Joaquin.

So, you know, if you added another feature that provided a siphon or some ways of getting the water through there, I suppose there would be

advantages.

MR. HILDEBRAND: My thought is that we should see if your object is to take care of the export water quality, to make that the primary object here, and doing it without an isolated canal, the question is how would you go about it. And whether that takes some modest facility in addition to the conversion at Hood, as far as I'm concerned, that's okay.

Then if that's feasible, we then see how to make that compatible with the flood control problems in the Mokelumne system and then see how that can be made compatible with fishery, to the extent that we can. Then that's an alternative we can compare to doing other things.

As it is now, it seems to me we're going for options that don't really satisfy either the fish or the export water quality, and we ought to try to look at both extremes perhaps and see how we might make them compatible.

I appreciate this presentation. I had not appreciated the extent to which the tidal flow in the San Joaquin would be a problem, but I would like us to go a step further and see how you might get around that.

VICE-CHAIR McPEAK: Lester is going to

respond.

I happen to agree with you, by the way.

MR. SNOW: Well, just to make a quick comment to kind of reiterate what Mark was indicating, any other things you would do to improve through-Delta for water quality such as contemplating a siphon under the San Joaquin and other tidal influence mitigation measures, can be dealt with in the north fork strategy. I think you can integrate that into any through-Delta.

The significance this kind of indicates to us with this level of analysis that the potential benefits of going to the south fork for water quality purposes don't come close to outweighing the habitat values that you already have on the south fork, which are significant habitat values. So that's a big price to pay to get almost no increase, but if you start adding features, then the features would work on the north fork as well as the south fork.

MR. HILDEBRAND: Bigger channels, bigger siphons.

VICE-CHAIR McPEAK: Byron.

MR. BUCK: We've done this be kind of analysis looking at the north fork alternative against existing conditions to look to see how much -- I mean, this is an analog for basically salinity at the pumps.

MR. COWIN: Right.

MR. BUCK: And do we know how much better it's getting with the optimized through-Delta we're working with now versus what we have today?

MR. COWIN: Yeah, we have those numbers.

MR. BUCK: What type of percentage are we looking at in terms of improvement?

MR. CHUNG: I don't have it handy in terms of overheads, but this particular report we list June 1st, 1998 does compare the base condition with the north fork of Mokelumne improvement. I can't tell you off the top of my head what the percentage increase in terms of water quality, but you do see a clear improvement. Not this kind of wash kind of thing, but you see a real clear improvement on the water quality.

MR. BUCK: Let me -- what I recall is up to a 20 percent actual improvement in salinity you can get by changing the configuration of through-Delta, which is not where we need to go necessarily but it's still a pretty significant improvement.

MR. COWIN: That sounds right to me. Something on that order.

VICE-CHAIR McPEAK: You said 20 percent, Byron?

MR. BUCK: Yeah, that's what I recall

being talked about. But that's -- I may be mixing that with another number. If you could get back to me, Mark, at some point or just provide me with that study.

MR. COWIN: Okay.

VICE-CHAIR McPEAK: All right. I think we should probably try to move to the reports out from the group. Thank you for the presentation, thank you very much.

MR. CHUNG: Thank you.

VICE-CHAIR McPEAK: We had two groups who didn't make it all the way through both and one group that did. I want to leave the group who did to the last because I can't wait to hear that report, and we are going to start with, therefore, group 3, 2, 1.

That means you, Mr. Izmirian.

MR. IZMIRIAN: Okay. Going to the first conditioned item that we were to work on, the language was changed, and I think we got a pretty good consensus on this, to expand the DWR and USBR -- now what did that mean -- programs, yes, programs in conjunction with local agencies and other interested parties. That was the -- okay, I'm just trying to remember what happened to two. I guess we left that -- so we left -- on two we reverted back to the -- okay, thanks, I need Eugenia here. We were going to be a team, right.

MS. LAYCHAK: Yes.

With No. 2 for water use efficiency, the group agreed to include the word "implementation," so they wanted to make clear that with No. 2 that it included not only development of plans but also implementation of the plans.

MR. IZMIRIAN: That's right.

As we went down to 3, we ran into very similar issues on that, and included the conditioning of CalFed benefits as part of No. 3 as well. And that was to be as a condition for -- I thought I could read this before -- for receiving CalFed benefits subject to the cost effectiveness, financing, certification, implementation, those dots stood for the language that was part of your statements in the book.

So these are all tying together to make a complete package so that we have got similar conditions for urban and agricultural requirements as far as implementation goes.

So No. 4 states: Implement an agricultural water use efficiency process -- what is that -- fully with endorsement and implementation of agency plans, for example, AB3616 and CVPIA, with cost effectiveness financing as a condition for receiving CalFed benefits.

No? Okay, the dots, yes. Would you like to fill in the dots? They're in your book.

No. 5 was okay as written. It did take us a while to get there, though.

No. 6, participation in the conservation or water use efficiency -- somebody was insisting that we have both of those words in there -- water recycling projects, for example, low interest loans, grants, preferential funding, et cetera, along with those other benefits. It was felt that the one example that was given in the book was prejudicial by one member of the group, so that was expanded to give other examples.

No. 7, there is just -- still felt that there was a need for more detail. This -- the program that's been laid out for refuge reliability -- I'm sorry, refuge efficiency hasn't been distributed to the BDAC members as far as I know, and so it really hasn't -- we don't have anything to go by.

Okay. Do you want me to go on to storage, too, now, or --

VICE-CHAIR McPEAK: Actually, yes, why don't you go ahead and do that.

MR. IZMIRIAN: Okay. Is Bob's thing in here, too? Should I do that?

We didn't get very far on storage. And Item 1

on that list, Action 1, involved local communities of place -- a place -- of place in planning of projects. Identify the local entities, desiring or partici -- maybe I should have written this.

What was that?

Identify local entities desiring to participate in financing and receiving the CalFed benefits.

ID the role of CalFed agencies in planning and implementation. Now, that wasn't a whole lot of change in the sense that it was there but it gives it a lot more language to cover that item.

Now this is where we got hung up. Believe it or not, we cannot come to consensus on the need -- the determination of a need for surface storage projects. And not being able to come to consensus on that, that pretty much spent the rest of the time. And we need to include something that I left out of the early discussion because it was on another list.

Bob had suggested in the earlier session, Robert Meacher, that we include watershed actions in the Phase 1 planning. Those were left out of there as part of the water supply reliability and it was felt that that should be included.

VICE-CHAIR McPEAK: Bob, do you want to

comment on that? I mean, there were several things we weren't focusing on here today. We're only taking four, so we didn't deal with ecosystem restoration or watershed management or levees as part of the common program. We did not deal with conveyance as part of the variable, but we did deal with storage.

So the discussions that we have taken up today haven't been meant to be the full CalFed action. It was only a starting place to see if we could get resolution around four components. This morning we couldn't finish the four, so we -- even from a -- when we were in interest groups, so we just said this afternoon let's just try to take up two. And as you're hearing, most groups could only deal with one in the time that we had.

MR. MEACHER: I think what came out of morning and the afternoon, Sunne, was that under the whole notion of Stage 1 water supply reliability improvement actions, that watershed management be a component of those actions under that reliability scheme, not just as part of the whole process but under this particular segment.

Does that make sense to you?

VICE-CHAIR McPEAK: Yes.

MR. MEACHER: I think the afternoon group

of the mixed folks concurred with that as well. It's another action under reliability.

VICE-CHAIR McPEAK: I personally understand that. And agree.

Okay. Patrick.

MR. McCARTY: Thank you, Sunne.

We were one of those groups that could only get to the one item essentially. We took one, two and three collectively when we started looking at them. We bought into the morning's comment that we needed to broaden the participation of stakeholders in Item 1.

With respect to No. 2, we linked No. 2 to No. 3 and we were concerned about mechanisms. In the concept of mechanisms, first, who defines those. There was a strong feeling that there should be some kind of self rule, self-governance mechanism. The Water Management Council was one of the suggested, but there was no definitive definition of who that entity should be.

We agreed that we needed a modified to include cost effective standards in those mechanisms and that there be clear standards of performance for the agencies and districts to meet, and that those -- that participation and meeting that performance would be linked to three with the implementation tied to

CalFed benefits.

We felt that linking those two, the CalFed benefits which come in the form of many different components, but it could be funding, it could be grants, it could be water, it could be lots of things, that those were appropriate incentives and that we needed to include appropriate incentives in the mechanisms to engender participation on a broader scale.

Then finally, we wanted to include in those mechanisms some assurance that we'd have a strong balanced educational effort so that these benefits, the constituents of the different agencies and organizations would understand the -- and perceive value to these benefits.

With respect to implementation, Item 4, we agreed as the morning suggested that we include "or CVPIA" in the language; that there be no waiting to receive benefits to those people who adopt early; that regional participation by smaller districts be advocated and be allowed; and that we work further to build consensus on the standards as they apply to ag versus urban versus others.

We accepted five as it was written.

We said okay for six, provided that we

take into account the environmental impacts and that the watershed recirculation or recycling within a watershed was okay.

A couple of comments: We spent a long time talking about incentives and disincentives, and we decided with some leadership that probably the best incentive was a large enough incentive where not participating was also considered a stick and let market forces pressure and public education pressure agencies to participate, and if they are not participating they are left out and they are not competitive in the marketplace. So I want to make sure we emphasize and some of our group wanted to make sure we emphasize this issue of incentives.

We started talking about storage and kind of ran into the same dilemma that group three ran into; although we ran into it earlier, we didn't even get into the discussion. We felt that much as was said this morning, that we need some kind of measure of what the need is, what expectation we can gender in terms of a range from each of the component pieces to meet the need. And once we define that there is a need for surface storage, look at the projects that are on the table or proposed to meet those needs and then apply the process and the definitions that were proposed in

the writing to each of those projects. And it's going to be easier to walk through that because it is more of a process to be applied to a specific project or objective.

Thank you.

VICE-CHAIR McPEAK: Thank you, Patrick.

And group one. Byron.

MR. BUCK: First off, there is an awful lot of commonality, I think, between the three groups, especially on this point of need which I'll get to a little further.

We did get through all of our ones, at least nominally. Let me move this way.

On the water use efficiency, we started off with there needing to be a basic premise that overall there had to be an objective for all the things you were doing in water use efficiency, and we should have as a base objective that everybody should be doing locally based cost effective conservation programs. Meaning that whatever makes sense locally from an economic perspective, including environmental local benefits as well, everybody ought to be doing that as a minimum standard.

And then we did talk about linkage to Item 6 where CalFed should be looking about going beyond

that, beyond just the local test to a statewide test and should provide resources for local agencies to go beyond their local cost effectiveness where it made sense on a statewide basis that conservation and recycling happen where it otherwise might not just on a local test.

On No. 1, in terms of the technical and planning assistance, everybody supported that but we wanted stakeholder involvement in defining what that planning assistance related to.

On No. 2, we agreed with Richard's group -- and in fact for a while I thought you were doing our report because you said the same exact things we did -- was that not only should agencies have to submit their water management plans for approval, and approval meaning the requirements of law, they ought to be checked to make sure they are implementing it. The law requires you to lay it out, lay out the elements and say what you're going to do, and you ought to at least be checked to do what you said you were going to do.

Again, those are still, and the law provides right now that those decisions are locally based, that what makes sense locally based. But it is minimum everybody ought to follow through on what seems

to make sense locally. It's not just a paper exercise.

On No. 3, a lot of discussion on what all that meant, but clearly there was another discussion that we ought to tie those -- that certification process to local benefits. And we ran into the same problem, I think, in our group that did in the first group that definition of what CalFed benefits means, a specific benefit to an agency versus broad benefits. There is still a lot of differences and views on that issue.

On the four, on the ag water management council, again there is a linkage here back to the item of we do what locally makes sense, but agencies can do further if they are given the resource. That was a tie to No. 6. But that we also should look regionalize, look -- allow areas to look at these water use efficiency improvements on a regional basis; that there are a lot of very small districts that don't have the resources to do these kinds of plans, but if we look at it on a watershed basis and look at what can be done collectively, provided the resources to help them look at that, they ought to be able to take advantage of those natural efficiencies and those natural things that are created by being in the same watershed to look at what can be done with respect to conservation.

Five, I think we are in general agreement of it, but we wanted to make sure that clearly it wasn't -- CalFed wasn't necessarily the one having to resolve the institutional legal and funding limitations; that maybe CalFed has a role of raising what those limitations and impediments are and being a facilitator in making those impediments go away, or dealing with them. It may be the State Water Board, it may be the legislature, it may be many other forms that actually have to do with the impediment after it's identified.

Six, I did already talk about. Again, there was the notion that we wanted to expand the eligibility for those to being just beyond local benefits; that we can bring in money to go further than we would just on a local basis. And that we ought to promote regional water -- regional recycling or watershed based recycling, whereas one city it might not make sense to recycle based just within their boundaries, we ought to look beyond their boundaries, look within the watershed to see where recycling can happen. And that's indeed already happening in both Southern California and Bay area, perhaps needs to be done in the Central Valley as well.

Seven, I think it was the same comment as

Richard's group. We probably didn't know enough to make an intelligible appraisal of this. Conceptually it sounds okay, but none of us knew much about the water fowl side of things or the refuge management activities.

Storage. We, I think, did the same thing, hung up a little bit on the needs question, but we started to work through what would the prerequisites be to getting to the Stage 1 actions for surface storage. And these really apply to any form of storage, and fundamentally we need to define the need for yield, which storage would just be one tool in providing that yield.

After you define that need for yield after looking at conservation as well, assuming you still come up with a gap that you need to fill, you've got to assess the mix of tools you've got out there to fill that yield, groundwater storage, surface storage, a mix of the two, whatever additional efficiency measures, perhaps, then you tier into Stage 1 actions.

Prerequisite to this, though, everybody agrees that Bulletin 160 is not in and of itself an adequate basis to define the need question before you even get into the analysis question of what the mix of the tool is. And there's differences of opinion on is 160 high

or low, but everybody agreed it isn't in and of itself the right basis to do the needs analysis.

Once you get past that and into the Stage 1 actions, then there were a couple -- a couple of things that -- no, one thing that did come out is then in terms of planning the projects once you're down into the feasibility level, that local interests need to be much more involved in the planning of those projects; that we simply don't leave that up to the bureau and DWR. Not saying they're not involved, but there's much more of a collaborative planning process in terms of what can be done and what should be down in that local area and what local benefits ought to come out with that.

Another prerequisite to storage, and perhaps, I'm not sure, it may have been actually something we can do in Stage 1 as well, is this whole notion of the time value of water that's implicit in Lester's water management scenario. There are some that are arguing there hasn't been a technical peer review analysis of whether that is really a valid concept on a broad scale or on a localized scale.

So we need to have it looked at on a broad scale of does it make sense to move water from wet years to dry years to trim the hydrograph, as it were.

And then specifically when you get to specific projects, you need to see if that theory follows along with that specific site.

I think that's it. Did I miss anything?

Ah, there was something else.

On the last item, where there is construction of -- it's year six and seven that you move to construction of surface storage, that we need to specify what those linkages and conditions are. That perhaps was one of our jobs, we didn't really get to it, but there isn't a real understanding on exactly what linkages would be appropriate.

There was a notion that it often will depend on how big the gap is, that you might need to move forward -- you know you have a huge gap, you've got to move forward on surface storage, if you come to that conclusion, that for some of that you might not have linkages. But for some of the other parts, if it was going beyond what identifiably the need was, you would have linkages and conditions.

VICE-CHAIR McPEAK: Thank you, Byron.

Are there questions to group one?

Let's see, you had both Alex and Tom Graff in that group? Did they meet the test of -- did all of your members follow the rules that Pat laid out?

MR. BUCK: I don't remember the rules. They were well behaved.

VICE-CHAIR McPEAK: And they -- generally everybody came to agreement around what you just laid out here is what I'm asking.

MR. BUCK: I think so. I think fundamentally where we really agreed was on the prerequisite need definition. Once you got down into the actual what -- what the linkages and conditions were, I think there really is still a lot of divergence. But everybody agrees we've got to get past the whole need question of whether there is a need for new yield, then get to the discussion of how we do it.

Seems CalFed has come to the conclusion, from a staff perspective, that that's necessary. But BDAC hasn't really caught up to that or necessarily agrees with it.

VICE-CHAIR McPEAK: Okay.

On the water use efficiency, all three groups got through that as did the groups this morning. If you were to take the reports out from the three groups, are there any major recommendations from those groups that you cannot live with?

Put another way: Do you think we have done a fairly comprehensive job of giving back to

Lester and the CalFed staff and agencies, sufficient comments on modifications that would be necessary to live with water use efficiency as a component of an overall solution.

Ann, and then Richard, and then --

MS. NOTTHOFF: Well, I think maybe to the extent that there's modifications to what was presented in the packet, I don't feel that that's an exhaustive list. I think there's things that probably people would recommend be added to that. But in terms of commenting on what was in the packet.

VICE-CHAIR McPEAK: Richard.

MR. IZMIRIAN: Yes, pretty much along the lines of what Ann said. We still haven't even done our basic definition of water use efficiency and we don't have any baselines of what needs to be conserved for what purposes. Nothing has been done on a watershed basis. All of those things I think still have to be established.

VICE-CHAIR McPEAK: Roberta.

MS. BORGONOVO: I would say the same thing. I think that you just have to allow these other comments -- projects to come in. But I felt that the discussion was interesting, however, because I think that there is agreement on a lot of areas, so I thought

that was positive.

VICE-CHAIR McPEAK: All right.

Any other comments about this -- about the recommendations from any of the groups?

What about the reaction on storage? Mary, do you have a --

MS. SELKIRK: No, I'll wait.

VICE-CHAIR McPEAK: Okay. I was -- any additional comments or questions of the group who did provide the report out on storage?

Seems to be general concurrence, it's going in the right direction.

Alex, and then Stu.

MR. HILDEBRAND: I think we made progress in the right direction. It's too complicated a subject to finish in one day, but I think we moved toward what we are trying to do.

VICE-CHAIR McPEAK: Stuart?

MR. PYLE: I think that our group just finished on storage, we had a -- quite a sharp divergence in opinion. There was two sides on the question of need for determination of the need for storage, repeating myself on need. But you can guess who was on which side.

But some of us took a position that

there's a demonstrated need through the CalFed analysis up to date that there is a need for storage, and any storage that is feasible and would be subscribed to by parties would be an addition to the state's water project supply and reliability.

There was an issue that I brought in which is probably not shared by too many, but nevertheless I am bringing it in to you. My position on the conditions for water use efficiency, water conservation, whatever, as prerequisite to participating in storage projects, while I'm not objecting to the language in the efficiency program where the conditions need to be met to access CalFed benefits, I do believe that in the case of storage programs, where we are looking for local entities to participate, support the feasibility studies, the eventual financing for construction of these projects, that I think it's completely unreasonable to try to put a test of water use efficiency on some parties and in whatever region they come from as a prerequisite to those parties coming up with the millions and millions of dollars that are going to be required for these storage projects.

So I believe whether it's because it's numbered nine in the storage provision should not

extend to linkages as an ability to participate in those projects.

VICE-CHAIR McPEAK: Ann?

MS. NOTTHOFF: I was in group one and in fact I think we did have some concurrence that there should be those linkages, but I think it was notable in group one that there was -- I thought it was kind of surprising -- agreement that there's some basic underlying assumptions that have not been demonstrated yet, but will allow us to move on those steps that we are presented with in the document.

And that was -- you know, if people trusted the process more, and that the analysis was done on a level playing field and that everybody -- then I think people there -- it seemed to me we were moving towards people would be willing to live a greater comfort level of what the answer is, but that there's still enough uncertainty about the inadequacy of Bulletin 160, or other things like that, that people make it hard for people to come to agreement around these specific items in the document in the packet.

But that was kind of reassuring to me that if we did some of those, you know, gave things a fair shake, we might actually be able to move forward.

VICE-CHAIR McPEAK: Okay. Further

comments on this?

I would just then like to acknowledge that Mike Stearns pointed out in our meeting that maybe we should have been doing this six months ago, and in terms of a process, we have been obviously attempting many different options to try to get greater definition of viewpoints and clarity around differences and opportunities for consensus and agreement.

So we are going to be doing tomorrow, another kind of approach on, again, trying to get our viewpoints out and see how far we can reach on resolution.

I do want to thank Mary and Eugenia for putting together this process and serving as facilitators and Richard and Byron and Pat for being very able, patient, and skillful facilitators. I've learned a lot from the two I sat in, so I'll try to emulate their abilities. And we -- so, I think we did make some progress. I've been really encouraged by what I've heard from the groups.

Mary.

MS. SELKIRK: My question was just quickly, knowing that a lot of people have already left for the day, but if you could give us very quickly the pluses and minuses of the day today, because I think

that will help us to know what to focus on to do a better job on the future meetings.

So, if anybody has any comments on the plus column or the minus column they want to register, it would be helpful.

MR. BUCK: I would think it was a far more useful and comprehensive and structured response to the Stage 1 actions, rather than a scattered "we don't like this, we don't like that" approach, what you have probably more to go on, doesn't make this much easier, but I think the comments are more comprehensive.

MR. SNOW: I agree.

VICE-CHAIR McPEAK: That was a plus, right?

Okay. Any other comments?

MR. PYLE: I would comment I think this was a valuable day. I appreciate the opportunity to participate in the feedback. On the minus side, I would say this is harder work than sitting here listening.

VICE-CHAIR McPEAK: Well, that's okay. You earned the reception, you know. It's hard work, you know.

There were only four of us in one group this morning and presumably that was a group of similar

minded folks who had a huge disagreement, so anyway.

Alex?

MR. HILDEBRAND: I agree that I think it was a worthwhile day and I think it was worthwhile partly because we did what I'd been urging, we looked at the composites of how these things added up particularly in relation to the storage question.

VICE-CHAIR McPEAK: We got to your agenda, anyway.

MR. HILDEBRAND: To a certain degree, yes.

VICE-CHAIR McPEAK: It will all come together.

Any other comments?

Ann, then Richard, then Byron. Ann, Richard and Byron.

MS. NOTTHOFF: I think that it was the fact that people didn't get through their assignments and stuff indicates that it was kind of an overly ambitious schedule.

VICE-CHAIR McPEAK: Okay. So being realistic about how complicated these issues are and trying to work them through, see, I wanted to work tonight and nobody would agree with me.

Richard.

MR. IZMIRIAN: One of the reasons we

didn't get through everything is that we got involved in an awful lot of wordsmithing because it was just laying out all those statements one after the other. I think that if we were dealing more with issues that we know we have problems with and we need to come up with some sort of solution to resolve those, rather than going down the long list, we might have gotten through some more important issues.

VICE-CHAIR McPEAK: Okay.

Byron, then Bob.

MR. BUCK: I loved the particle tracking model. I think that really was very visually instructive as to how water moves through the system.

VICE-CHAIR McPEAK: Okay.

Bob?

MR. RAAB: In our group, there were at least five lawyers. I noticed they have all gone home, so I can say that I think next time we do this, we ought to try to parcel out the lawyers among the other groups.

VICE-CHAIR McPEAK: Okay.

Roberts.

MS. BORGONOVO: Maybe we can have a particle tracking process with all our own heads, and track our thoughts. I really did like that model,

so...

VICE-CHAIR McPEAK: Do we have any final comments on the process so far?

Okay. Then are there any individuals in the audience in the public who wish to testify?

All right. Then let me just remind you, tomorrow we are going to be beginning at 8:30, here in this room. Right? And tonight we have AQUA and CUWA hosting a reception, 6:00 to 8:00, upstairs on the top floor of this building.

So thank you very much, thank you for all your time, efforts, hard work, and we will go enjoy the reception. Hereby adjourned until 8:30 tomorrow.

(The proceedings adjourned at 5:04 p.m.)

--o0o--

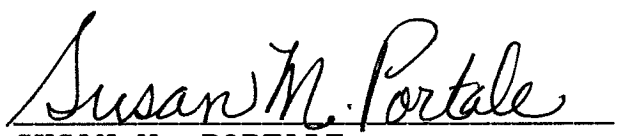
REPORTER'S CERTIFICATE

I certify that the foregoing proceedings in the within-entitled cause were reported at the time and place therein named; that said proceedings were reported by me, a duly Certified Shorthand Reporter of the State of California, and were thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for either or any of the parties to said cause of action, nor in any way interested in the outcome of the cause named in said cause of action.

IN WITNESS WHEREOF, I have hereunto set my hand this 5th day of November, 1998.

THOMAS J. LANGE
Certified Shorthand Reporter
State of California
Certificate No. 4689



SUSAN M. PORTALE
Certified Shorthand Reporter
State of California
Certificate No. 4095